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THE DIFFERENCE

Ministers to huddle on slash in defence

Jerusalem Post Staff
The cabinet will hold at least one further discussion on defence cuts, possibly on Friday, before decisions are taken on pruning some \$150 million from the military budget. Before this meeting, a subcommittee under Premier Peres will examine in detail the Treasury's proposals and the defence establishment's objections to the cuts.

The subcommittee will include Defence Minister Rabin and Vice Premier Shamir, as well as Finance Minister Moda'i, Economics Minister Ya'acobi and Ministers Weizman and Arens.

Cabinet sources said yesterday's five-hour ministerial meeting at the Defence Ministry in Tel Aviv was devoted entirely to presentations from generals and top ministry personnel. There was no discussion among the ministers. The subcommittee is expected to hold in-depth sessions during the week and to present the full cabinet with a recommendation.

Moda'i emerged from yesterday's session somberly reiterating the need to cut defence spending. But his Likud-liberal colleague Avraham Sharir told interviewers there were "layers of fat on Israeli society"

which ought to be trimmed "before guns."

Transport Minister Haim Corfu (Likud-Herut) said the military's presentations had been "tendentious, as expected. They stressed the difficulties they would face."

Health Minister Mordechai Gur (Labour) said there was "room to cut," but it had to be done carefully and the nation must realize the risk involved. He hoped the cuts would not have to stay in effect longer than a year or two.

Moda'i, Ya'acobi, Weizman and Arens will also deal this week with the cuts in the other ministries, and are scheduled to report the results of their talks with individual ministries to the cabinet on Friday.

This second committee is to meet today with Labour and Social Affairs Minister Katzav and with Health Minister Gur. Tomorrow it is to meet with Education Minister Navon and on Thursday with Housing Minister Levy.

Originally the Friday meeting was to be the last one on the proposed \$550 slash the Treasury wants to implement, but according to senior cabinet sources it is doubtful whether the two committees will be able to sum up their proposals by the end of the week.

Second man receives a mechanical heart

LOUISVILLE, Kentucky (AP). — The swollen, diseased heart of William Schroeder, who had been living less than a week to live, was cut from his chest yesterday and replaced with a pulsating assembly of plastic, making him the world's second recipient of a permanent artificial heart.

Dr. William Devries and his surgical team of five other doctors and 11 nurses and technicians began the operation at 12:57 GMT. Insertion of the artificial heart, powered by pulses of compressed air from an external driver, began about 2 1/2 hours later.

"The new artificial heart has been functioning for over an hour now," George Atkins, spokesman for Humana Hospital Audubon, where the surgery was performed, said later.

Schroeder was gradually removed from the operating room heart-lung bypass machine, and he was wheeled out of the operating room and into the hospital's coronary intensive care unit at about 2000 GMT.

He was in stable condition and the output of the artificial heart was

"very good," Atkins said.

Doctors were decreasing reliance on the bypass machine, Atkins said. He described the mood in the operating room as "optimistic."

News agencies said reports of the completed procedure were expected at 2400 GMT (2 a.m. today in Israel).

Schroeder, 52, of Jasper, Indiana, a retired quality assurance specialist, had suffered from cardiomyopathy, a progressive deterioration of the heart muscle.

The disease had been triggered by heart attacks Schroeder suffered in 1982 and January, 1983, when Barney Clark was living with the first permanent artificial human heart, implanted by Devries at the University of Utah.

Clark lived 112 days after the December 2, 1982 implantation of his artificial heart, before succumbing to multiple organ failure.

Schroeder twice signed a consent form that warned, among other things, that the operation was experimental with no guarantee of success.



Entering the Defence Ministry in Tel Aviv yesterday for talks on cutting the military budget are (left to right) Defence Minister Yitzhak Rabin, Prime Minister Shimon Peres and Chief of General Staff Rav-Aluf Moshe Levy.

Lebanese plan move into W. Beirut today

BEIRUT (AP). — The Lebanese Army issued orders yesterday to begin overnight enforcement of a security plan for Beirut. An army announcement said troops would begin dismantling barricades and taking up positions in Moslem West Beirut early this morning.

The announcement coincided, however, with an outbreak of fighting between Lebanese troops and Druse militiamen east of the capital, a fight between the army and an unidentified gunboat, and the appearance of Christian militia checkpoints in Beirut.

Radio stations said army troops in the mountainous garrison of Souk al-Gharb, 12 kilometres east of Beirut, fought Druse militiamen in neighbouring villages with mortars and rocket-propelled grenades

yesterday afternoon.

The shelling, which spilled over to other foothill villages east of the capital, left several fires in the pine woods. Police said two civilians were killed, including a woman. Two other women were wounded in the Christian village of Aaraya about 10 kilometres east of Beirut, police said.

A Lebanese Army statement issued yesterday said army units in Beirut were given orders to "take strict and necessary measures" starting overnight "to remove (militia) checkpoints and earth mounds and crack down on violations."

The statement also said that violators would be brought to justice according to Lebanese law.

The Beirut security plan calls for

Karameh accuses Israel of 'propaganda'

BEIRUT (AP). — Prime Minister Rashid Karameh yesterday disputed statements made last week by Prime Minister Peres and other Israeli officials that divisions within the Lebanese government and the weakness of the Lebanese Army are an obstacle to reaching an agreement on the withdrawal of Israeli troops.

Speaking to visitors at his home in Tripoli, Karameh said that such claims by Israelis are "propaganda" aimed at discrediting Lebanon in the Israeli-Lebanese military talks being

held at Nakoura. (The talks are scheduled to continue today.)

He said his statements proved the "bad intentions" of the Israelis toward the UN sponsored talks, "as if they are paving the way" for a change in stance.

"We shall prove to Peres and Israel and to the world that a country's rights never die as long as they are defended, we shall prove it in the upcoming days," he said, referring to the army's expected implementation of its latest security plan.

Kessar for extending 3-month price freeze

By JOSHUA BRILLIANT

Jerusalem Post Reporter

TEL AVIV. — Histadrut Secretary-General Yisrael Kessar said yesterday that if the three-month price freeze is not extended, then it should be followed by controlled price rises. "I want an extension very much," he told reporters here. But he said he doubted the government and the employers would be able to agree on an extension, since the continuing devaluation of the shekel means manufacturers must pay more for imported raw materials but may not charge more for finished goods.

He recommended a "gradual move" in February from the freeze. The government, the employers and the labour federation, he said, should not permit a "free game but continue their supervision." And when it is impossible to avoid price rises, the rise should be "controlled."

Kessar was unclear on how that goal may be achieved. He said Histadrut experts are considering the options, and added he believes the government and the private employers' representatives are doing likewise. They will meet later to discuss the alternatives, he added.

Kessar appeared satisfied with the initial results of the freeze. He said that after the first few days, he discerned a change in the public's behaviour. "People aren't rushing to purchase goods," he said. "The volume of consumption has dropped. There is a relative calmness and I wish this atmosphere to continue."

Warning strike deferred Moda'i grants pay rises for public sector

Finance Minister Yitzhak Moda'i yesterday granted 4 to 8 per cent pay rises to those public sector workers covered by the collective wage agreement. The increase will not be paid to unions, such as the teachers', which did not sign the accord, Moda'i stressed.

The teachers decided to postpone today's scheduled two-hour strike for 24 hours, to give the Treasury "one last chance" at talks set for today between Moda'i and representatives of the Teachers' Union and other professional unions.

If today's negotiations do not bear fruit, Teachers' Union Secretary Yitzhak Welber said, the teachers and all other public sector professionals unions — including technicians, engineers, microbiologists and journalists — will begin a "solidarity" strike.

The raise will be paid to groups such as paramedical workers and social workers, who signed the June collective wage agreement but had not received the pay supplement because they wanted it paid in a different form. Civil servants, nurses and pharmacists have already received the supplement.

The teachers did not sign the collective wage agreement because they feared it would jeopardize their

(Compiled from reports by Avi Temkin, Joshua Brilliant, D'vora Ben Shaul and Macabee Dean.)

other demands, particularly with respect to the Etzioni Committee recommendations on work conditions, status and wages.

Shortly after Moda'i informed Histadrut Trade Union Chairman Haim Haberfeld of his decision, the Teachers' Union secretary tried to win Histadrut support for an immediate strike.

Welber reportedly cornered Secretary-General Yisrael Kessar in an elevator at Histadrut headquarters, and asked for a word with him. But Kessar said he had no time, and added that since the teachers did not choose to sign the agreement they should not come asking for Histadrut support now.

Kessar and Haberfeld had previously stated their opposition to any strike in support of the pay supplement.

Zalman Shenkman of the Technicians Union warned, however, that unless the raise is granted to the teachers, the 60,000 teachers and 40,000 other civil servants will strike for two hours tomorrow. Discussions as to further measures will be

(Continued on Page 2, Col. 4)

Formalities dominate at PNC session

By DAVID BERNSTEIN

Post Middle East Affairs Reporter

and agencies

Yesterday's session of the Palestine National Council in Amman heard messages of support from representatives of various friendly countries and organizations.

Among those who addressed the session were representatives of Rumania, Zambia, Pakistan, a Swedish-Palestinian group, and another group from the U.S.

Reports earlier in the day said the council was to have debated the policy statement made by PLO spokesman on foreign affairs Farouk Kaddoumi at last Saturday's session.

According to reports from Amman this debate was not held yesterday.

Meanwhile, more than half the delegates attending the PNC yesterday presented a petition calling for the ousting of Ahmed Jibril, leader of the radical Libyan-backed Popular Front for the Liberation of Palestine-General Command, and one of PLO chairman Yasser Arafat's bitterest foes.

There was no word on whether the PNC would debate the petition. But in the first three days of its 17th session, called despite opposition from Syrian-backed factions, the council took a series of steps urged by Arafat aide Salah Khalaf (Abu Iyad).

These included ousting the PNC's Syrian-backed speaker, Khaled

Fahoum, who boycotted the session, and replacing him with Abdel Hamed Al-Sayeh, whose name was placed in nomination by Khalaf.

The PNC voted individually yesterday on 13 new members from the U.S., Canada and Latin America whose names had been placed in nomination on Saturday. It approved all 13.

Syrian Defence Minister Mustapha Tias said yesterday the PNC meeting was a farce.

He said at a graduation ceremony for naval officers in the Syrian port of Latakia: "Arafat's farce in Amman will not go without reckoning... Syria will cut the road in front of all reactionaries that try to liquidate the Palestinian cause."

In Sharon vs. 'Time' trial

A-G seeks to make secret papers accessible

By ASHER WALLFISH

Jerusalem Post Reporter

Attorney-General Yitzhak Zamir is still trying to work out an arrangement with the New York court hearing the libel suit against *Time* magazine by Industry and Commerce Minister Ariel Sharon, whereby classified material relating to the Sabra and Shatila inquiry could be brought into the proceedings indirectly.

Sharon is suing *Time* for \$50m. damages on the grounds that the magazine libelled him and stained his reputation by alleging that he

urged the Jemayel clan to wreak vengeance after the assassination of Lebanese president Bashir Jemayel in autumn 1982.

The New York court, acting on *Time*'s behalf, asked for the classified section of the Kahan Commission report on the Sabra and Shatila killings to be made available to the magazine's lawyers.

Time had written that this section mentioned Sharon's instigation of the Jemayels. The court also asked for 10 Israelis to be allowed to testify as defence witnesses on *Time*'s behalf.

The matter came up yesterday in Jerusalem because Zamir refused the request to make the classified material available and only agreed to let five of the 10 Israelis testify, all this on grounds of state security; military, diplomatic and intelligence relations; and prejudice to public propriety.

When *Time*'s lawyers appealed directly to the High Court of Justice in Jerusalem for an order nisi against Zamir, the High Court, before handing down its ruling on the plea, asked Zamir for his preliminary reaction.

(Continued on Page 2, Col. 4)

Fuss over alleged Peres remarks on Sharon

By MICHAL YUDELMAN

Jerusalem Post Reporter

Vice Premier Yitzhak Shamir yesterday asked Prime Minister Shimon Peres to meet with him privately within the next few days to discuss Peres's alleged attacks on Industry and Trade Minister Ariel Sharon.

Peres was reported as saying, in a closed meeting with professors and writers at the weekend, that Sharon is acting to dissolve the national unity government.

Shamir refrained from commenting on this report, and is waiting to

hear from Peres what exactly he said about Sharon. Sources close to Shamir last night expressed astonishment that the Prime Minister's Office had issued no official denial of Peres's reported statement.

The office said only that it does not comment on "leaks" from closed conferences, since such leaks are by nature distorted.

Herut yesterday rejected the alleged Peres statement, saying that if it was an accurate quote it represented a continuation of the Labour Party ministers' practice of attacking Likud ministers. "This practice will not strengthen the national unity government," the Herut spokesman said.

Middle and low ranking Herut sources last night seemed intent on making an issue of the alleged statement, although they admitted they did not know if it was accurate.

In a radio interview, Prof. Arye Sachs, who attended the meeting, said Peres did not use the term "torpedo" when referring to Sharon's actions concerning the government, but said that Peres indicated his awareness that future Sharon actions might not be to the benefit of the government.

Herut sources said during the day that Peres's statements constituted an unrestrained attack on Herut. If Peres has anything to say to Sharon, they said, he had better tell him on the telephone instead of in "mysterious writers' groups."

MK David Magen, a staunch Sharon supporter, said that if Peres did say what he was reported to have said, it was the beginning of the end of the national unity government. The issue required serious attention in the coalition and government, he said.

4 die in rebel rocket attack on Kabul

ISLAMABAD, Pakistan (AP). — Islamic insurgents launched a rocket attack on the Afghan capital of Kabul, killing four people and injuring 17 on Saturday night and early yesterday, according to state-owned Radio Kabul.

In a Pushtu-language newscast monitored here, the radio said the Qalai Zaman Khan and Cement Khana sections in the southeast section of Kabul were targets of the attack.

The Soviet news agency Tass carried a similar report in Moscow. Both reports said the attack was carried out by insurgents using Chinese- and American-made weapons, and that several houses were destroyed.

Radio Kabul said that immediately after the attack the security forces routed the insurgents with "long-range rockets." Security forces who rushed to the scene of the attack found some unexploded rockets with Chinese markings, it added.

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25.11.84	MIN.	MAX.	WIND	WEATHER
AMSTERDAM	4	9	4	Cloudy
BIRMINGHAM	3	8	4	Cloudy
BREITENBURG	1	6	4	Cloudy
CHICAGO	-4	2	12	Clear
COPENHAGEN	6	11	9	Cloudy
FRANKFURT	9	14	12	Cloudy
GENEVA	10	15	10	Cloudy
HAMBURG	11	16	10	Cloudy
HELSINKI	12	17	10	Cloudy
KOBE	17	22	10	Cloudy
KUALA LUMPUR	24	29	10	Cloudy
LEON	14	19	10	Cloudy
LONDON	8	13	10	Cloudy
MADRID	6	11	10	Cloudy
MONTREAL	4	9	10	Cloudy
NEW YORK	3	8	10	Cloudy
OSLO	2	7	10	Cloudy
PARIS	10	15	10	Cloudy
SAO PAULO	15	20	10	Cloudy
STOCKHOLM	12	17	10	Cloudy
TOKYO	17	22	10	Cloudy
VIENNA	9	14	10	Cloudy
ZURICH	10	15	10	Cloudy

*For the latest weather conditions contact Swissair.

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THE WEATHER

Forecast: Partly cloudy, showers still possible.

	Yesterday's	Today's	Max
Jerusalem	8	10-17	18
Golan	6	12-16	18
Nahariya	7	9-14	16
Haifa Port	6	14-20	23
Tiberias	5	13-21	23
Nazareth	5	11-19	21
Afula	5	10-12	23
Shomron	6	9-14	19
Tel Aviv	7	13-20	23
B-G Airport	6	12-21	23
Jericho	5	11-24	25
Qaza	5	13-21	23
Beersheba	5	10-21	23
Elit	3	11-25	26

SOCIAL & PERSONAL

A delegation of the Education and Science Committee of the German Bundestag on Friday visited the Weizmann Institute of Science and were lunching with its President, Prof. Michael Sela. Others present at luncheon: the executive vice-president of the European Committee of the Weizmann Institute of Science, Dr. Josef Cohn, and Prof. Shneur Lifson, Israel Pecht, and William Taub.

SLA man wounded

Jerusalem Post Reporter
METULLA. - A Katyusha rocket was found by South Lebanese Army troops near Jezzine yesterday and safely dismantled by IDF sappers. There were no injuries or damage.
An SLA soldier was lightly wounded in Nabatiya when he came under light arms fire. Until now, terrorists have mounted few attacks on the SLA in Nabatiya.
In the Palestinian refugee camp of al-Baz in Tyre, two residents were killed by Lebanese from outside the camp. It is thought they were suspected of collaborating with the IDF.

187 foreign workers expelled from Indonesia

JAKARTA (Reuters). - Indonesia has ordered 187 foreigners to leave the country after they were found working without government work permits. A Manpower Ministry spokesman said.
The spokesman did not name their employers, but said they included oil companies.
He told reporters the workers came from the U.S., Japan, France, South Korea, Singapore and Taiwan.

Mother and child in Kenya die after bee swarm attack

NAIROBI, Kenya (AP). - A Kenyan peasant woman and her baby girl died after they were attacked by a swarm of bees at a riverbank near the western town of Kisumu, the semi-official Kenya news agency reported yesterday.
The baby died on the spot and the mother, Christina Okumu, died in a hospital later. The woman was drawing water from a stream when the swarm attacked, the agency said.

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HOME AND WORLD NEWS

Ata comes up with list of 376 to be sacked

By DAVID RUDGE
Jerusalem Post Reporter
HAIFA. - The immediate closure of the Ata textile concern was averted yesterday after the company's receivers submitted to the Haifa District Court a list of 376 people to be dismissed from the Kiryat Ata and Kerdaneh plants - almost a third of the workforce.
District Court Judge Eliezer Barr had warned that if the list were not forthcoming he would order Ata's closure.
Under the agreement among the receivers, the works committee and the Haifa labour council, 105 employees will retire early and the rest will receive severance pay. The agreement, however, will take effect only if a buyer for Ata is found.
Barr said yesterday that he would not set a deadline for Ata's closure, but would reconsider the matter at the next meeting with the receivers on December 9, when he expects to hear a progress report on the sale of the company.

Advocate Yoel Salomon, one of Ata's receivers, said a number of concerns are interested in purchasing Ata, but none has yet made an offer. He said the potential buyers include an American concern and a West German corporation.
Salomon revealed that the receivers had also reached an agreement with the works committee and the labour council on implementing from next Sunday a four-day work week at the Kiryat Ata and Kerdaneh plants. This would help stretch the \$1.5 million provided by the government and Bank Leumi to enable Ata to continue operating until the end of December, he said.

Panel clears Haifa city hall in drowning of local boy

By DAVID RUDGE
Jerusalem Post Reporter
HAIFA. - The municipality's inquiry commission into the death of a nine-year-old boy in a derelict building of the city's Wadi Salib neighborhood yesterday cleared city hall of any responsibility in the matter.
Instead, the commission, headed by Deputy Mayor Moshe Livneh, indirectly blamed the owners of the land, the Israel Lands Authority and the Shikmona slum-clearance company.

to rescue Rabiya Makhlof, who drowned in a well beneath the abandoned building in Rehov Harav Marcus on August 1.
The commission recommended the establishment of an underwater team which could be called upon in emergency cases.
It also suggested that the municipality make it clear to the public that responsibility for the maintenance and safety of all buildings, including abandoned premises, rests with the owners, landlords, tenants or any person acting on their behalf.
The municipality itself wants to preserve many of the empty buildings in Wadi Salib as part of a proposed artists' quarter.

Chernenko to visit France in first trip as president

MOSCOW (Reuters). - President Konstantin Chernenko's visit to Paris next year is the first foreign trip by the 73-year-old Soviet leader to be announced since he came to power in February.
French President Francois Mitterrand announced the visit in Paris yesterday but gave no dates. No immediate confirmation of the trip was available in Moscow.
Mitterrand announced the visit in an interview with Syrian television on the eve of his official trip to Damascus today.
Chernenko accepted a formal invitation to visit France when Mitterrand was in Moscow in June but the issuing and acceptance of such invitations is often a matter of protocol with the visit itself rarely taking place.
Diplomatic analysts in Moscow said Chernenko might have been expected to travel to one of Moscow's Eastern European allies for his first trip abroad. But France was the most obvious western destination.
Moscow has consistently worked at relations with Paris and France comes in for less regular criticism in the official media than any other major western power.
Following Mitterrand's visit, and despite his breach of Kremlin manners in a public reference to the case of exiled dissident Andrei Sakharov, there were numerous commentaries referring to the mutual benefit of good Franco-Soviet links.
Mitterrand said at the end of his Soviet trip he thought there had been an improvement in relations between the two countries, though he did not go so far as to suggest a renewal of the regular Franco-Soviet summits of the 1970s.
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Bomb blast wounds six at Paris concert hall

PARIS (AP). - An explosion, apparently from a bomb, yesterday injured six people at the Salle Pleyel concert hall in Paris' 8th district, causing extensive damage to the facade and blowing a hole in the pavement about one metre deep and two metres across.
According to the initial casualty toll, only two of the victims appeared to be injured seriously.
The explosion went off just after 4 p.m. in front of the concert hall, about an hour before the scheduled start of an annual show by a dozen Armenian cultural associations.
Police said first indications were that the explosion was caused by a bomb placed in front of the Salle Pleyel, which seats 2,300 spectators.
Two thousand people were expected for the show, which included folk dancers and singers from the Armenian community.

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FBI said warning firms of bomb threats

NEW YORK (AP). - The FBI is warning up to 20 corporations that their names were found on a terrorist group's list of potential targets; a New York newspaper reported yesterday.
The FBI had no immediate comment on the report.
The New York News reported that FBI agents found the list when they raided the homes of five suspected radical fugitives in Ohio earlier this month. It said the list allegedly was compiled by the United Freedom Front, which has been blamed for 13 bombings in the metropolitan area.
The report said the names of the

firms on the list had not been disclosed. The companies reportedly either hold large defence contracts or deal with countries whose policies are opposed by the UFF, it said.

WEST BEIRUT

(Continued from Page One)
strengthening Lebanese Army positions in the capital and getting militias off the streets in an effort to eliminate the lawlessness that has plagued the capital.
Witnesses reported the army used tank cannons and heavy machine guns against the boat, and Druse militiamen fired on it with an anti-aircraft gun. The state radio identified the boat as Israeli and said it exchanged fire with those on shore.
The identity of the boat could not be independently verified, but Israeli gunboats and those of the Christian Lebanese Forces militia often cruise off the West Beirut coast.

(Continued from Page One)
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Graham Hands
would like to contact
Susan Pollak
formerly a member of the Palestine A.L.S. during the 1938-48 war.
Her entry number was WPA 2457000, attached to 15th General Hospital in 500 Company at Safad and her Commanding Officer 2/508 Orlan at that time.
Reply: Lot 7, Ganga Road, Kuraong NSW 2768, Australia. A2768-0476



Visitors crowd the annual Fruit Festival in Tel Aviv's Dizengoff Centre yesterday. The event, which includes stalls selling fruit at bargain prices, is to run through Thursday. (Israel Sun)

Settlers' leaflet in Dehaishe: Go build homes someplace else

Settlers from the Etzion bloc and Kiryat Arba yesterday passed out leaflets in the Dehaishe refugee camp near Bethlehem calling on the residents to evacuate the camp. The leaflet said the camp residents should ask the government to help them buy land elsewhere to build new homes.
Security forces ejected the settlers from the camp.
The Committee for Solidarity with Birzeit University last night issued a statement calling the settlers' move "part of a continuing provocation... supported by the authorities, which is aimed at harassing and degrading the inhabitants of Dehaishe."

because of student disturbances.
At the end of the month an-Najah University in Nablus is also scheduled to reopen. An-Najah was ordered closed three months ago by the civil administration, after students held an exhibit on Palestinian heritage, which included anti-Israel propaganda.
A petrol bomb was tossed last night at an Egged bus near Solomon's Pools south of Bethlehem, Israel Radio said. None of the passengers were hurt, but the bus, which was on its way to the Etzion Bloc, was damaged and its windows broken. Another bus which passed by picked up the passengers.
In another development, the deposed mayor of Kalkiya, Amin Nasser, is to stand trial in four weeks for violating a civil administration order not to leave his town. Amin has been charged in the Lod Military Court with going to Nablus, 33 kilometres from Kalkiya, without permission from the military commander of the area.
A petrol bomb was thrown on Saturday at the Talkarm office of Salim Jalah, a reporter for the East Jerusalem newspaper Al-Anba. Another petrol bomb was thrown that evening at an Egged bus on its way from Hebron to Jerusalem near the al-Arab refugee camp.
There were no injuries in either attack. Security forces closed the area of the attack on the bus and searched for the attackers.
In the village of Tayasir near Nablus, a 10-year-old shepherd boy was injured Friday when an unidentified object exploded while he was playing in a military training area. The boy was flown by helicopter to Hadassah Hospital in Jerusalem. (Itim)

Birzeit wants W. German research grant

Jerusalem Post Correspondent
BONN. - Birzeit University has requested financial assistance from the West German Social Democratic Party's Friedrich Ebert Foundation.
The university has asked for a grant of some \$35,000 to finance demographic research on the West Bank.
The request is presently under consideration, and it is not clear what guarantees could be provided to ensure that the research is conducted for scientific rather than political purposes.
The West German Embassy in Amman has advised the foundation against sending a team to the university, and has suggested that German staff members at Birzeit supervise the research.
Four years ago, Birzeit asked the West German government for some \$2.3 million in aid for its engineering faculty. This request was turned down.

Birzeit University near Ramallah, the scene of violence between PLO students and Israeli soldiers in which one student died before the PNC opened, is to remain voluntarily closed until the end of the month, when the PNC is scheduled to adjourn.
The administrations of the Ramallah college and the al-Bira girls' seminary have also decided to keep their institutions closed until the Amman parley ends, to prevent student disturbances.
Bethlehem University, on the other hand, is to open this morning after being closed for over a week

Peres to try to sort out NRP-Shas haggling

By MICHAEL YUDELMAN
Jerusalem Post Reporter
Prime Minister Peres is to meet the National Religious Party's representatives at 11:30 this morning in an effort to sort out the NRP-Shas haggling over the Interior and Religious Affairs Ministries.

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Labour Party Secretary-General Uzi Baram and Energy Minister Moshe Shahal, who headed the ministers' committee dealing with the controversy, are also due to attend the meeting.
Negotiations over the two portfolios have been going on for the past two months. It is not clear whether Peres will make a final decision today or whether talks will continue.

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Shas's guiding Council of Tora Sages last week gave Shas until the middle of this week to resolve the issue. If Shas fails by then to obtain either portfolio, as promised it by the Likud, it must withdraw from the government, the council said.
The NRP yesterday reaffirmed its demand to head both ministries, as

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JDC allowed to operate feeding stations in Ethiopia

NEW YORK (JTA). - A recent communique received from the American Jewish Joint Distribution Committee representative in Ethiopia said that the overseas relief agency had received permission to operate feeding stations in the Gondar Region, according to an announcement made yesterday by JDC Executive Vice President Ralph Goldman.
The announcement said the JDC has received donations and pledges exceeding \$200,000 since it called for contributions on October 23. Half of the sum was committed by the Central British Fund - World Jewish Relief of London.
The emergency famine campaign went into high gear in recent weeks in response to a world wide appeal by the Ethiopian government. According to the JDC, up to half a million people in Gondar, one of the four provinces especially hard hit by a prolonged drought, face starvation. The major problem, the JDC

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The flouridation is

By D'VORA BEN SHAUL
OF ALL the public health programs initiated in the Western world during the last quarter-century, none has stirred so much public controversy or involved so much emotional reaction as the flouridation of water. Pro-flouridation groups, including most public health services and dental associations, decry public "fidity" that denies this treatment to many areas, while anti-flouridation circles vociferously oppose it saying that the whole idea is "a utopian dream turned into a nightmare."
When flouridation first became feasible as a preventive measure, it was hailed by many as holding out the promise of putting an end to tooth decay and other dental problems, but although flouridation does lower the incidence of tooth decay in those whose teeth are developing, obviously children, it also causes mottling of teeth and more recently has been implicated both in birth defects and in increased incidence of cancer. Other studies have linked over-consumption of flourides with premature ageing.
Most telling of the recent studies is one by the former head of the National Cancer Research Institute in Washington, who states unequivocally that in cities where flouridation has been in use for 15 years or more, the death rate from cancer in people over 45 is 10 per cent higher than in cities where there is no flouridation. The same thing has been shown to be true of birth defects, there being a considerably higher number in areas with flouridation than in those without.
Although most health authorities have been made aware of these statistics they, for the most part, still press for flouridation, as if nothing had changed since the idea first was put forward. New Zealand, where flouridation programmes have been going the longest, recently imposed a temporary ban on flouridation and asked for a reassessment of the whole programme. Yet dentists and health authorities throughout the world, and Israel is no exception, continue to press for flouridation as if its initiation were a life-saving matter.
The reason for this lies in the fact that emotional reactions to the subject have been so deep and so violent that most people, if they have an opinion at all, are so convinced that they are right, that they no longer

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Big exercise held by paratroops in Negev

BEERSHEBA (Itim). - One of the largest IDF paratroop drops in recent years was carried out in the Negev region yesterday. The exercise was by a reserve force and was observed by Chief of General Staff Rav-Aluf Moshe Levy, OC Southern Command Aluf Moshe Bar Kochba, and chief paratroop officer Tat-Aluf Yitzhak Mordechai.
The same unit is due to practise night fighting soon.

British Jews for study miss

Jerusalem Post Co
LONDON. - Leader of the Board of Deputies Jews are to arrive in start an eight-day stu...
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Haifa experts challenge Shahal:

'Clean air needn't cost a fortune'

By DAVID RUDGE
Jerusalem Post Reporter

HAIFA. — In a direct challenge to the Energy Ministry, local experts insist that Haifa can have lower levels of air pollution without an astronomical cost.

The regional environmental protection unit yesterday put forward three alternative proposals for alleviating this industrial city's chronic air pollution at a fraction of the cost quoted on Friday by Energy Minister Moshe Shahal.

The minister asserted that it would cost the country \$70 million a year for the Haifa Oil Refineries to comply with an order to prevent air pollution.

But the environmental protection unit which is based in Haifa — known as having the worst air in the country — has questioned Shahal's figures.

According to its estimates even

the most expensive option — of burning only low-sulphur oil in the refineries and in the Israel Electric Corporation's oil-fired power stations — would cost only \$24 million a year.

The cheapest alternative, the installation of a sophisticated early-warning monitor to replace the existing set-up, would cost about \$2 million, the unit said.

The monitor would give advanced warning of days when the weather would cause a build-up of gaseous emissions from the refineries and the IEC's Haifa Bay power station.

The monitor station would ask the two plants to switch to low-sulphur fuel on these days, thereby reducing the level of sulphur-dioxide emissions. The \$2m. price tag does not apparently include the cost of purchasing the low-sulphur fuel.

The third alternative proposed by

the unit is for the installation of advanced anti-pollution equipment at the plants themselves. This equipment, says the unit, is available in all developed countries and costs between \$7m. and \$20m., which is a fraction of the running and development costs of the IEC and the Oil Refineries.

In reply, the Energy Minister spokesman said the ministry is just as keen to reduce air pollution in Haifa, provided the methods used do not harm the nation's economy.

"There are a number of ways to solve this problem and the minister is willing to explore all of them with the municipality, the Interior Ministry and other parties involved. All it takes is an open mind and plenty of good will, which the minister himself has. He is looking forward to further discussions with the various parties on this matter," the spokesman said.

Singers, doctor suspected of tax evasion

Two Tel Aviv wedding hall singers suspected of failing to report thousands of dollars of income to income tax authorities were released on bail yesterday by the Tel Aviv Magistrates Court.

The two, Avner Gadasi and Rahamim Danur, were arrested by tax men while they were appearing in Tel Aviv wedding halls. Income tax investigators said Gadasi is a top singer and that Danur is a well-known singer and band leader.

Meanwhile, an Arad dermatologist suspected of failing to file reports to value added tax authorities and of violating foreign currency regulations was released on \$500,000 bail yesterday by the Beersheba Magistrates Court.

Dr. Rafael Shimshoni, 40, practises both in Arad and

at the Galei-Zohar Hotel at the Dead Sea. Police say they found 13,000 Swiss francs and smaller amounts of other foreign currency in Shimshoni's house in a search last Friday.

A Customs and VAT Department representative said in court yesterday that since 1979 Shimshoni has treated foreign patients at the Dead Sea and been paid in foreign currency, for which he wrote no receipts and which he did not report to VAT authorities. Shimshoni admitted in court that he had sent money abroad.

Shimshoni's solicitor said he is a foreign citizen. In another development, income tax men spent many hours yesterday stationed at the Motza junction outside Jerusalem, stopping taxis and taking down information on the drivers. (Itim)

Row over control of TAPLine

By AARON SITTNER
Jerusalem Post Reporter

A full-fledged battle is shaping up for control of the dissolved TAPLine oil pipeline running through the Golan Heights. Vying for the 40 kilometres of conduit within Israeli-held territory are Mekorot, the national water company, and the local Union of Golan Heights Water Leagues.

Water leagues, operating throughout Israel, are cooperative ventures by neighbouring kibbutzim or moshavim which for reasons of cost and efficiency prefer to develop their own water resources rather than depend on Mekorot. TAPLine stands for Trans-Arabian Pipeline, built between 1945 and 1950 by ARAMCO, the Arabian-American Oil Company composed of such petroleum giants as Mobil, Socal, Texaco and Exxon. The 1,600-kilometre-long pipeline has been one of the major supply routes for Persian Gulf oil to the west, with a pumping capacity of 465,000 barrels a day.

Both Mekorot and the Golan Leagues have the same plans for the Israeli-held sector of TAPLine: to clean out the oil residue, apply a protective inner coating, and begin using the line as a water carrier to connect Golan reservoirs and Lake Kinneret. In addition, the downhill flow of water would drive power generating turbines, with any overflow discharges going towards irrigation.

In the middle of the fray is the Ministry of Energy and Infrastructure. A ministry spokesman told *The Jerusalem Post* yesterday, "Technically TAPLine belongs to our ministry since the foreign company that has operated it closed its offices in Israel about two years ago, and ceased pumping oil."

The last few pumpings of oil through TAPLine were Saudi crude destined for Lebanon. The very last streams sent through were intended mainly as preservative measures, to keep the conduit from drying up and cracking, the spokesman said. A few months ago the ministry

entered into an agreement with the Golan water leagues union under which the latter would not only clean and renovate TAPLine but also plan and build several wind-powered electric power-generating stations capable of producing a steady supply of two kilowatts of electricity.

Yitzhak Oked adds: Shmuel Kelem, chairman of Mekorot's staff committee, told *The Post* last night: "For us, the TAPLine issue is a *casse belli*. Under no circumstances will our company, which is responsible for the country's water supply, agree to have the Golan settlements get hold of TAPLine. We have made our position clear in telegrams to Agriculture Minister Arye Nehamkin and Energy Minister Moshe Shahal."

Kelem added that his staff committee is to meet on Wednesday to decide on a possible strike call to Mekorot's 4,000 workers if the Energy Ministry "does not abrogate" its agreement with the Union of Golan Heights Water Leagues.

Woman concealed heroin in her body

TEL AVIV (Itim). — Some 100 grams of heroin — enough to produce 2,500 individual doses — has been found concealed in the body of a Haifa woman. Police estimated the street value of the drug at \$20,000.

The woman, 25, was arrested on her arrival from abroad at Ben-Gurion Airport last week.

Investigators found nothing in her luggage. But suspecting that she was

concealing drugs in her body, they won a 15-day remand order from a magistrate's court judge. The judge also authorized a gynecological examination, but only if the suspect consented.

She refused to do this for several days, although she showed signs of drowsiness which raised fears for her health. Yesterday she voluntarily extracted the drug from her body.

Two indicted for \$300,000 con game

TEL AVIV (Itim). — A local attorney who allegedly helped bilk an Amsterdam family of at least \$300,000 was indicted in district court here yesterday for extortion, fraud and forgery. The court ordered Alexander Costin held until the end of his trial.

Costin's alleged partner in conning the Barzilai family, 28-year-old Ilan Margalit of Ramat Hasharon, was indicted yesterday for conspiring to commit fraud, forgery, and receiving money under false pretences.

According to the charge sheet, in 1979 Margalit met the Barzilai family, who are former residents of Israel and now own a restaurant in Amsterdam. Under Costin's directions, Margalit told the family stories about his father's wealth and a legal

battle with his sister, and succeeded in obtaining \$300,000 from the Barzilai over three years, the prosecutor said.

The money was allegedly transferred to a bank account in the two men's names.

Judge Aryeh Even-Ari, who heard the request to remand Costin, said the evidence gained in the police investigation indicates a planned fraud which used "a cover story taken from fairy tales, and depended on the naivete and/or stupidity" of complainant Doris Barzilai.

Costin's defence attorneys presented a document which they said "completely disproves 50 per cent of the facts in the indictment." But after examining the document, the judge said it proved only the consistency of the accused's denials.

IS10,000 in damages for pushing his mother

BEERSHEBA (Itim). — A 25-year-old local resident was found guilty yesterday in magistrate's court of assaulting his mother, and was given a two-month suspended jail sentence

and ordered to pay her IS10,000 in damages.

Claude Zeitun was convicted of throwing a fork at his mother and pushing her last February.

Hefetz's replacement goes on trial today

PETAH TIKVA (Itim). — The disciplinary hearing of Chief Superintendent Moshe Friedman, deputy commander of the Tel Aviv police central unit, is to open this morning at the police disciplinary court here.

The proceedings will be heard by Commander Yitzhak Eren, Assistant Commander Meir Rosenberg and Chief Superintendent Ya'acov Ganot.

Friedman, who has been on leave of absence pending the hearing, was replacing Assistant Commander Assaf Hefetz as head of the central unit, and is charged *inter alia* with having ties with a "controversial figure."

Hefetz was fined IS50,000 earlier this month for leaking police information to journalists and has since been reassigned.

Soviet refusenik sends letter to Chernenko

TEL AVIV. — Former Prisoner of Zion Lev Albert has sent a letter to Soviet President Chernenko asking him to decide on the matter of Albert's security classification, which is being used as a pretext by authorities to refuse him an exit visa.

This was reported here yesterday by the Public Council for Soviet Jewry.

In a related development, 25 Jewish activists from throughout the Soviet Union have cabled to the Presidency of the Supreme Soviet and the prosecutor general to protest against the arrest and disappearance of activist Michael Tchebin, of Odesa.

DELEGATION. — A Rakah delegation led by MK Meir Wilner yesterday left for Poland for a one-week visit at the invitation of the Polish Communist Party.

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The new IS10,000 bill, which carries a portrait of the late prime minister Golda Meir, will enter circulation tomorrow. The other side of the orange bill shows Meir — who was ambassador to the USSR in 1948-1949 — being greeted at the Moscow synagogue, with the words "Let my people go" above.

New course to prepare girls for high-tech army service

By ILAN CHAIM
Jerusalem Post Reporter

ASHDOD. — A familiar enlistment poster used to beckon 12th-graders with the slogan, "The best go to aviation," with "best" in the masculine form. A new poster, in the feminine gender, now declares: "The best go to technology."

This sign of the times was one message received here yesterday by about 150 senior high-school girls at the organizing conference of the Ashdod Pilot Project, an experiment in pre-enlistment technological education for girls.

Initiated by the manpower development and vocational training division of the Ministry of Labour and Social Affairs, the project is also sponsored by the Ashdod Municipality, the Israel Defence Forces Women's Corps, the Ministry of Education, the Ashdod College of Technology and Elita Electronic Industries.

The aim of the project is to convince 12th-grade girls that training in high-technology skills will serve them well before, during and after

their military service.

Ashdod was chosen for the Pilot Project because of the interest of Mayor Arye Azulai, a former high school principal; the availability of the Ashdod College of Technology; and the willingness of Elita to hire project graduates after the army.

Pupils who enrol in the project will begin their training at the Ashdod College of Technology after they complete their matriculation exams next August or September. They will defer their entry into the army by six months, but will serve an additional half-year in the army.

As the crowd of girls dispersed after the conference, varied reactions were overheard, ranging from, "They've got to be kidding," to "My parents would never let me," to "I think it's a great idea."

Sgt. Nurit and Orly, Air Force electronics experts about to complete their service, smiled at the younger girls' reaction. "We were also a little hesitant at first," said Nurit. "But we learned electronics in the IDF and now we're about to consider some very good job offers."

Areas police officers begin course in Gaza

GAZA (Itim). — The first course for police officers from the areas opened here yesterday at the police academy. During the course, the candidates from Judea, Samaria and Gaza are to hear lectures from high-

ranking officers from both the areas and Israel.

In the past, only ranks and sergeants from the areas have studied at the academy.

Motorists urged to 'belt up,' even within city boundaries

By YITZHAK OKED
Jerusalem Post Reporter

"Klik-klik," a week-long road safety campaign, got under way yesterday.

Volunteers from the various road safety organizations are fanning out across the country, in a campaign to persuade motorists within city limits to buckle their seat belts, even though it is not compulsory.

Television commercials for the campaign are being paid for by a Canadian benefactor who prefers to remain anonymous, and a mobile "persuader," a contraption that stimulates a low-speed collision, is also being used to demonstrate the effectiveness of the seat belt.

Transport Minister Haim Corfu is expected to decide shortly whether to make the wearing of seat belts compulsory inside city limits. Regulations introduced in 1975 apply only to drivers and front-seat passengers on interurban roads.

At a Tel Aviv press conference yesterday, Road Safety Administration head Moshe Amirav said discussions on the matter will begin this week. He felt the regulations should be extended because although motorists travel more slowly within city limits, seat belts can still save lives and reduce injury.

Amirav said some 70 deaths and 2,000 serious injuries were prevented by the use of seat belts last

year. Meanwhile, the Knesset's sub-committee on road safety is to hold its first meeting today. It aims to institute measures to halve the number of road accidents.

Chairman Uriel Linn said yesterday that funds for these measures should come from an additional tax on gasoline. At present there is a 22 per cent tax on gasoline, and this should be increased to 26 per cent, he said. The extra 4 per cent will bring in about \$36 million per year, he said.

Linn proposes to increase the number of traffic policemen from 300 to 2,000.

He also proposes stiffer fines and revoking the licences of drivers committing serious traffic offences. He claims the last five years' statistics show that 5 per cent of drivers caused about 30 per cent of accidents.

He also proposes tougher driving tests, including medical examinations. Another proposal is to unite under the Ministry of Transport the various bodies dealing with road accidents and their prevention.

Linn is also confident that if 250 dangerous spots in different parts of the country are made safer and 220 kilometres of dangerous roads are improved, there will be a significant fall in the number of road accidents.

Damage suit over broken sidewalk in TA

TEL AVIV (Itim). — A local woman yesterday sued the municipality for damages in a fall she took on a broken sidewalk in 1982.

Zippora Abukis, in her complaint to the district court, said that she was walking on Derech Hanitzachon when she tripped over a hole in the sidewalk, fell and broke her elbow.

She said that after several operations on the elbow, she now has a 32 per cent disability. She demanded damages of IS100,000, plus any additional sum which the court may judge proper.

The municipality has yet to file its defence.

Meanwhile, in Haifa, a 54-year-old man sued a local factory for damages after sustaining brain damage in a fall from a warehouse roof. Valerian Shmulevitz told the district court that he was repairing a drainpipe on the Petrochemicals Industry building in January 1983 when he slipped on a loose tile and fell 10 metres.

However, a defence attorney told the court that the company was not negligent. It was the plaintiff's own carelessness which caused the accident, the defence said.

Elec. Corp. workers to get pay refund

By DAVID RUDGE

HAIFA. — Israel Electric Corporation employees are to be refunded the IS7,000 that was deducted from their November salaries, *The Jerusalem Post* learned yesterday.

The workers agreed to the deduction last week after the government ruled that they had been overpaid the previous two months.

The "error" arose from a pay rise given to the employees as part of a back-to-work agreement that ended their week-long strike in July.

The Treasury later declared that the 7,500 corporation employees had received too much money, because the increment had been applied to their gross salary, instead of

their basic wages.

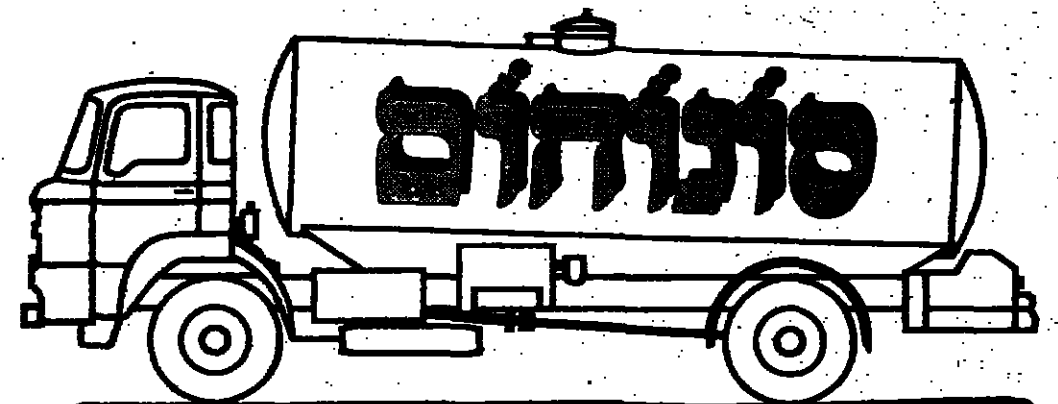
Now it appears that the agreement between the workers, corporation management, and the Ministries of Finance and Energy to return part of the rise was merely an "exercise in paperwork."

The corporation management is now looking for a way to return the money to the workers again by some other means.

The *Post* learned that the decision to refund the money was rubber stamped at the last week's corporation board meeting, despite protests from some members.

The corporation's spokesman yesterday refused to confirm the report.

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03-472237*	03-623461*	052-33367	04-725255*	063-70282-3		02-531027
03-478154	Nes Ziona	Rehovot	04-725255*	Afula, Bet She'an		02-717750-2
03-623461*	08-473650	08-451501		065-23414		
Petah Tikva	Kfar Sava	08-457586	Nahariya	04-920138		
03-912041*	052-23329	08-92007-8	04-920138	Zefat		
03-918654*	Yotvata	Ashdod	067-70688	Nazareth		
Holon, Bat-Yam	053-23477	055-32013		065-70030-1		
03-625119*	Toumet Hasharon	Ashkelon, Kiryat Gat				
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Mr. Fred G. Poolen
Regional Vice-President and General Manager
Hotel Inter-Continental, New York

and Mrs. Michele Orr
National Director of Special Projects, American Committee

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WEEKLY REVIEW

Deficit Attack in Jeopardy?

Recovery Is Fading at a Crucial Time

By PETER T. KILBORN

GLOW to gloom, mandate to stalemate: in the brief passage since Election Day, the economy has intruded into the battle over budgets and taxes, increasing the force of some arguments and deflating others. Only last week, a new set of what some in the capital call "complexifiers" were introduced into the Administration's economic policy deliberations.

The gross national product, the Government reported, went limp from July through September, growing at an annual rate of 1.9 percent. Most analysts suspect that it has done no better since. The often divided Board of Governors of the Federal Reserve voted 7 to 0 to lower its discount rate on loans to the nation's banks, to 8.5 percent from 9 percent. The stock market celebrated, scoring its best gain in more than a month. But the move confirmed that from the Fed's perspective the ogre that needs wrestling is no longer inflation — consumer prices rose in October four-tenths of 1 percent — but the possibility that the country has drifted into a "growth recession," with economic activity so tepid that unemployment rises.

The objective of Administration planners had been to clean up the untidy byproduct of Reaganomics' first four years, the colossal Federal budget deficits. Growth would do part of the job, the President promised in the campaign, though Democrats — and some Republicans running for Congress — disputed the extent to which it would help. With the slowdown, budget director David A. Stockman is now estimating that the deficit for the current fiscal year will be more than \$210 billion. That is \$35 billion higher than the projection that the White House was clinging to until 10 days ago. Some economists say it could go still higher. And some point to political as well as economic realities. "We really missed the opportunity to tackle the deficits" during the recent ebullient recovery, said Norman Robertson of the Mellon Bank in Pittsburgh. "Nobody is going to be willing to slash deficits with the economy weakening."

Aiming at 'Entitlements'

Such a prospect was belied by signs of motion in last week's deluge of leaks on spending and taxing. So far no specific proposals have been sent to the President, say officials close to the nine-man "core group" working on both a deficit-reducing budget for 1986 and the "revenue neutral" overhaul of the tax system that Mr. Reagan asked for a prospectus on in his State of the Union Message this year. But under consideration on the spending side, it is said, are ways to reduce the cost of "entitlement" programs for veterans, civil servants, farmers and retirees on Medicare — though not Social Security. Each program is being analyzed in terms of the beneficiaries' ability to pay a greater share, thus introducing the "means testing" used in programs for the poor. There is thought as well of reducing adjustments for inflation.

"It's a simple way" to bring down deficits, a senior Administration official said. "It saves a lot of money. And it doesn't reduce anybody's current benefits." The approach has some support in Congress. "If anything meaningful is going to be done," said Senator Warren B. Rudman, a Republican from New Hampshire, "it can't be done with that small slice of the budget known as discretionary spending — aid to the handicapped, student loans, environmental protection programs. If we want to keep the entitlement programs going at full throttle, the American people are going to have to pay for them."

Some Tax Options

As for taxes, it now looks as though the plan would compress the current 16 tax rates for individuals to no more than four, and that the top rate would drop from 50 percent to 35 percent. But numerous deductions would be eliminated, including those for state and local taxes and for mortgage interest payments on everything but a taxpayer's principal residence. Rates for business would be cut overall, but the vast discrepancies in the taxes paid by different industries would be narrowed. For many companies, and perhaps all, generous depreciation provisions enacted in 1981 could be cut severely. Capital gains tax rates could be raised, but adjustments to compensate for inflation might be built in.

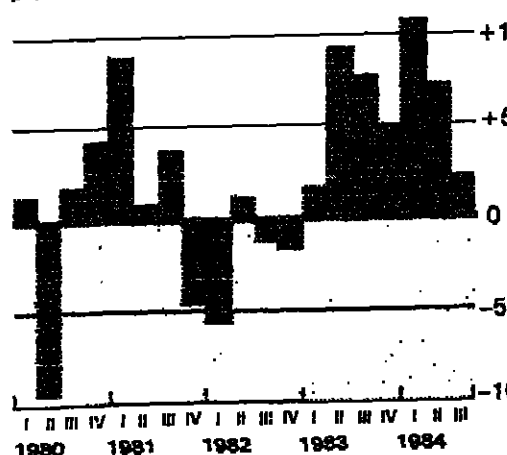
For every snip of information there has been a thunder of reaction. High on the agenda at the National League of Cities meeting this weekend was the possibility of a multibillion-dollar fallout on state and local finances. Eliminating the Federal deduction for taxes paid by cities and states affects not only the 40 percent of taxpayers who itemize; the current deduction makes it easier for cities and states to raise revenues by cushioning the real cost of such taxes to the individual.

But so far, business interests, the most organized, have responded most strongly, with each leak bringing fresh platoons of lobbyists to the offices of the White House and the Treasury. Kenneth C.O. Hagerty, a vice president of the American Electronics Association, is one man representing one industry. But he spoke for many last week when he said: "At the Treasury it was pretty clear they're going to alter the capital gains preference. It may be necessary to beat that horse to death to show that that route won't work."

Last year, the President submitted a budget that Congress called dead-on-arrival because the President himself, when pressed, set it aside for a bipartisan effort to reduce deficits. This year, both of the Administration's big domestic initiatives, the budget and tax simplification, risk arriving on Capitol Hill in a similar state.

Down from the peak

Percent change in the gross national product from the previous quarter, at annual rates, adjusted for inflation



It's Go

In Moscow, Mood Swings on Arms Talks

By SERGE SCHMEMMANN

THE dry, official announcement was carried in the Soviet press without commentary: The Soviet Union and the United States had agreed to new talks "with the aim of achieving mutually acceptable accords on the entire complex of questions concerning nuclear and space weapons." Foreign Minister Andrei A. Gromyko would meet Secretary of State George P. Shultz on Jan. 7 and 8 in Geneva "to work out a joint understanding of the subject and aims of such talks."

Just two paragraphs under the characteristically matter-of-fact headline, "On the question of negotiations between the U.S.S.R. and the U.S.A." But the impact was instant. That same evening, Aleksandr A. Bessmertnykh, the head of the American Department at the Soviet Foreign Ministry, joined John Denver in singing "We're all in this together" at Ambassador Arthur A. Hartman's Thanksgiving dinner. A Soviet movie director was optimistic that now he could make an often-postponed trip to the United States. On Friday evening's television news, the usual litany of American wrongdoing and social injustices was replaced by a report from New York quoting some American businessmen about the need to get Soviet-American trade rolling again.

It wasn't, of course, as if détente had broken out all over. Tass continued to churn out attacks on Washington, and there was no guarantee that the movie director would get his visa soon.

But there was a sense among informed Russians and Western diplomats that the brief announcement had opened a valve to relieve the enormous pressures built up through the crisis in Soviet-American relations. The verbal onslaught against President Reagan and the United States had reached levels of hostility unknown since the cold war period, spreading actual fears of war among ordinary Russians and considerable anxiety among the more sophisticated.

Why had the Kremlin come around after so staunchly insisting that it could never have dealings with Mr. Reagan? As always, they gave no hint of their motives. The obvious explanation was that after seeing the margin of his election victory, Soviet leaders simply saw no further advantage in sulking or waiting. They insisted they were not returning to the Geneva talks they abandoned a year ago, but had agreed to totally new negotiations.

Such protestations, however, seemed largely intended to save face. In November 1983, Soviet negotiators quit talks first on limiting medium-range missiles, then on strategic (intercontinental) missiles, charging that the deployment of new American missiles in Europe made further negotiations pointless. They insisted that nothing could happen until the new weapons were dismantled. Soviet leaders took up a stance of anger and indignation, hurling insults at Washington and placing a barrier of police and K.G.B. men outside Spaso House, Ambassador Hartman's residence, when he tried to invite Russians.

Western experts, however, assumed from the outset that the funk was tactical, that the Russians could not expect the North Atlantic Treaty countries to withdraw the missiles after the enormous political effort it took to de-

The negotiations so far

Nov. 30, 1981. Talks begin in Geneva on limiting medium-range nuclear missiles in Europe.

June 29, 1982. 'Start,' or strategic arms reduction talks, open in Geneva. The first such talks during Reagan Administration, they continue negotiations started in 1969. Issues: number of bombers and land-based and submarine-launched missiles deployed by each side, as well as number of bombs and warheads they carry.

July 16, 1982. American and Soviet negotiators in medium-range missile talks take 'walk in the woods' and develop informal proposal to break deadlock. Both governments later reject it.

Nov. 14, 1983. U.S. begins deployment of Pershing 2 and low-flying cruise missiles in Western Europe.

Nov. 23, 1983. Soviet Union walks out of talks on medium-range nuclear missiles.

Dec. 8, 1983. Last scheduled meeting of 'Start' talks is held. Soviet Union refuses to set date for resuming them.

June 29, 1984. Soviet Union proposes talks on space weapons. U.S. eventually agrees, but links meeting to resumption of nuclear missile talks. Russians do not accept.

Sept. 28-29, 1984. President Reagan meets with Soviet Foreign Minister Andrei A. Gromyko for the first time, in Washington. Mr. Reagan proposes 'umbrella' concept for talks, and they agree on general process for future meetings.

Nov. 22, 1984. U.S. and Soviet Union announce plans to resume preliminary arms control talks on Jan. 7.

And meanwhile . . .

• Negotiations in Vienna between NATO and Warsaw Pact on reducing conventional forces in Central Europe are in their 11th year.

• U.N. conference on disarmament, begun in 1979, continues in Geneva.

• U.S., Soviet Union, Canada and Europe carry on Stockholm talks, begun in January 1984, on European confidence-building.

ploy them and that sooner or later Moscow would start negotiating again. As early as March, responding to Mr. Reagan's efforts to moderate his attitude toward Moscow, Konstantin U. Chernenko, the Soviet leader, indicated that if Washington showed concrete evidence of its good will, relations could improve.

But most diplomats realized that after all the dire threats and tough language, Moscow could not simply turn around and start negotiating again. The Kremlin

also apparently hoped that anti-war movements in Western Europe or the American Congress or the American electorate might turn things around for them. They did not. By September, Mr. Gromyko was ready to meet Mr. Reagan and set in motion the contacts that culminated in last week's announcement.

Pressures on Both

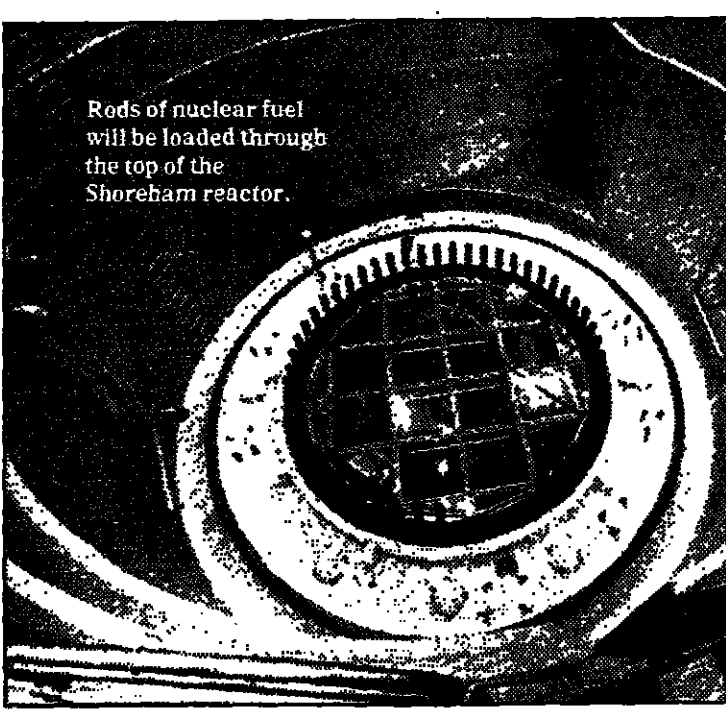
The Soviet rush to agree to new talks a scant two weeks after Mr. Reagan's re-election, diplomats thought, was based on the belief that there was a momentum in Washington in favor of arms limitations. Mr. Reagan is under increasing pressure both at home and among his European allies to start slowing down the arms race. Last week, the Administration indicated that while it had not changed the deployment schedule, it was amenable to reducing the number of medium-range missiles in Europe if the Soviet Union did the same. "Mutual restraint," a spokesman said, "is an appropriate item" for discussion. Another factor in the Soviet thinking is the string of unruffled treaties, which has taught the Russians that it is best to reach agreements with an administration while it still has time to get them through Congress.

The Kremlin has its own pressures to contend with. Anxiety over an arms race in outer space has been haunting it since Mr. Reagan's "Star Wars" speech in March 1983. Moscow's soundings on space-weapons talks last summer reflected concern about a new competition in which the "American lead" in electronic technology could prove insurmountable. The fears of war spreading through the Soviet Union were threatening to become a nuisance. Moscow's extraordinary efforts to prevent Erich Honecker, the East German leader, from pursuing his own version of détente with West Germany revealed dissatisfactions about East-West relations in Eastern Europe.

But if the opening of new talks seemed at first glance a victory for Mr. Reagan, Moscow also made some points. Far from flinching at the deployment of the new Western missiles, it matched them with weapons of its own. Then there was the pleasure Soviet leaders must have felt in being wooed by Mr. Reagan over much of the past year after his earlier denunciations of "evil empires." In the end, Mr. Reagan was seen as under at least as much pressure as Mr. Chernenko to resume the negotiating process.

For all the initial euphoria, nobody expected quick and easy agreements. The concept of an umbrella negotiation to include everything from space weapons to strategic missiles was likely to require prolonged bickering over definitions. Most diplomats presumed that in the early stages, at least, the Russians would stick to positions taken at earlier talks and wait for the West to field something new. But in Soviet practice, tone and atmosphere are often as tangible as substance. The Thanksgiving dinner at the American Ambassador's residence indicated that even if substantial change was still a long way off, the tone and atmosphere might soon begin to break the deep freeze of recent years.

Small Test for Shoreham Is a Milestone for Lilco



Rods of nuclear fuel will be loaded through the top of the Shoreham reactor.

The New York Times/Jack Manning

THE debate over the Shoreham nuclear power plant usually involves big numbers — billions of dollars in cost overruns, hundreds of dollars in higher consumer electricity bills, construction years behind schedule. But last week an extremely small number — 0.001 — took on great significance for the reactor's owner, the Long Island Lighting Company.

Lilco received approval from the Nuclear Regulatory Commission to load uranium fuel into Shoreham's reactor and to test the plant at up to 0.001 percent of its capacity. The Federal agency cautioned that this permission to

go to what engineers call "cold criticality" by no means guaranteed final approval to operate the plant — or even to test it at higher levels. But Lilco officials saw it as a milestone, likely to reassure uneasy investors.

No American nuclear plant has advanced this far in the final testing process without gaining a license for full operation.

Few nuclear plants have been bedeviled by problems as numerous or severe as Shoreham's, however. Construction is more than 10 years behind schedule. Emergency diesel generators ordinarily required for low-power testing at up to 5 percent of capacity have

malfunctioned for almost two years; new diesels will not be installed until next year.

Officials of Suffolk County, where Shoreham is located, are trying to prevent the plant from opening because, they say, residents in surrounding communities could not be evacuated quickly in the event of an accident at the reactor. Federal regulations require an acceptable emergency plan before a nuclear plant can operate at full power.

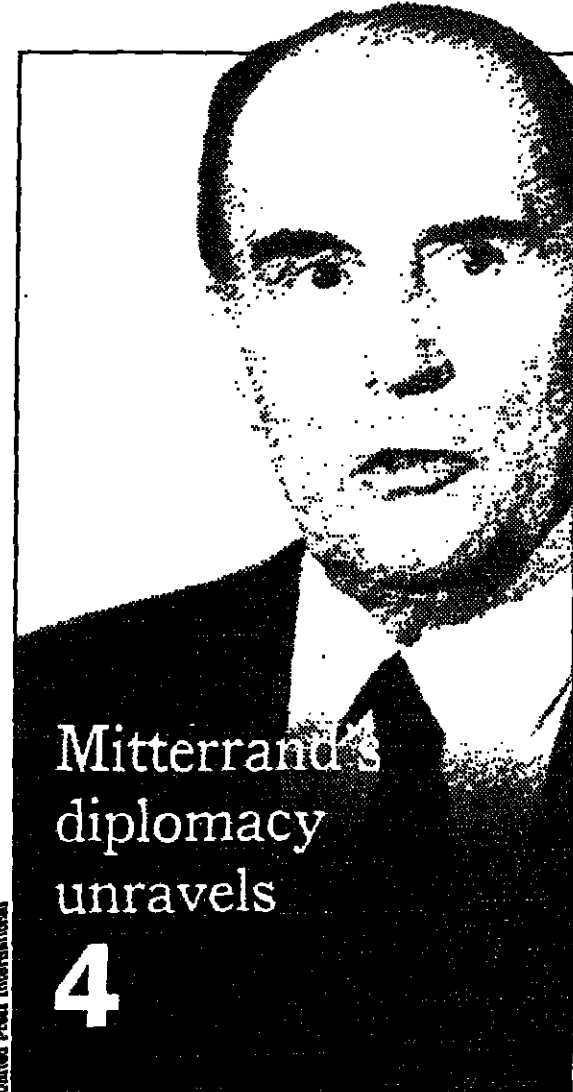
Ordinarily, utilities are granted a "low-power" license to load fuel and test it up to 5 percent of capacity. But the N.R.C. granted Lilco's request for an exemption to test only at extremely low levels.

Harold Denton, the director of the commission's Office of Nuclear Regulation, said this was the first time the agency had granted such a request. But he added that exemptions from one regulation or another to allow the loading of fuel were not uncommon in the nuclear industry.

Fight Goes On

The Suffolk official in charge of the county's fight against Shoreham dismissed the regulatory commission's action last week as "inconsequential."

County officials and other Shoreham opponents said they remained hopeful that they could still prevent Lilco from obtaining N.R.C. permission to go up to 5 percent of capacity, which they say would contaminate the reactor with radiation and perhaps make its abandonment more expensive. They have threatened to challenge the N.R.C. in court if the agency allows Lilco to move to that threshold.



Mitterrand's diplomacy unravels

4

The Nation

The Congress Makes Ready To Regroup

The ideological divides of the 97th Congress were reflected in a number of ways, including entymological rubrics such as boll weevils, gypsy moths, Nomenclature for the 99th, which will formally convene in January, has not yet been derived. But as the legislators journeyed to Washington for organizing meetings and leadership elections this week and next, distinct swarms were forming.

The Senate Republicans begin Wednesday. Howard Baker Jr. of Tennessee, who became majority leader when the G.O.P. took the chamber from the Democrats in 1980, retired this year, reportedly to prepare for a Presidential run, and electioneering by the five Senators who hope to succeed to the post has been intense. So far, there is no clear favorite. Whoever wins — Bob Dole of Kansas, chairman of the Finance Committee; Pete V. Domenici of New Mexico, chairman of Budget; Richard G. Lugar of Indiana, campaign chairman for Senate candidates; James A. McClure of Idaho, head of an informal group of conservatives called the Steering Committee; or Ted Stevens of Alaska, the Republican whip — won't have an easy time of it.

The numbers in the Senate are the same as they were four years ago; the Democrats took two seats this month, to put the Republicans' lead back to six. But the preoccupations of members of the majority are quite

proposals to limit filibusters and streamline other Senate operations will also be taken up this week. In the House, a proposed rules change could be crucial to the shape of the Federal budget; under current procedures, two senior members of the Budget Committee, including the chairman, James R. Jones of Oklahoma, a fiscal conservative, must leave the panel this year.

Roundup Nets 3,309 Fugitives

The arm of the law had reached into eight East Coast states to capture 3,309 fugitives by the end of a 10-week manhunt Monday. By Tuesday, half of them had trickled through the courts' fingers.

The Federal-state roundup, kept secret until the end, was aimed at career criminals sought by state and local law-enforcement agencies without the resources to pursue them alone. More than half of those arrested, all on felony charges, had been described as "armed and dangerous." The United States Marshals Service worked with 49 state and local law-enforcement agencies to accomplish the seventh and largest (and first interstate) operation to be conducted under the Justice Department's Fugitive Investigative Strike Team program. About 7,000 fugitives have been seized since the program was begun almost three years ago; an estimated 215,000 more are being sought.

Stanley E. Morris, director of the Marshals Service, made the estimate that half the captives had been released, most of them on bail. He said it was based in part on experience and in part on the first figures available: Of 156 fugitives arrested on Federal charges, 82 had been released. Mr. Morris added that the Government would study the courts' handling of the most recent cases. "We want to see what does happen, to what extent jails, judges or laws are the problem," he said.

Aging Chemical Arms Buildup

Although the United States stopped making chemical weapons 16 years ago, they pose a growing threat today. The Army's huge chemical arsenal, 90 percent obsolete, has begun to deteriorate. Some weapons have sprung leaks, and there are fears that certain types could explode.

While saying there was no immediate hazard, a panel of scientists last week warned that the chemical stockpile — including rockets, mines, shells and bombs that contain mustard or nerve gas — should be destroyed "as soon as possible." "This is dangerous material," said Robert W. Buchheim, a former arms control official who is a member of the panel, the National Research Council. "It was designed to be dangerous." Some of the weapons are more than 40 years old.

The council endorsed incineration, the Army's preferred means of disposal, over the options of ocean dumping (which Congress has banned anyway), underground nuclear explosions or chemical neutralization. The weapons, stored at eight Army depots, could take from 10 to 20 years to destroy, the panel said. Its study, paid for by the Army, is the most complete look at chemical weapons by a nongovernment panel since 1969. The council is part of the National Academy of Sciences.

The Army should give "first priority," the council said, to the disposal of the top item on its "most dangerous" list, the M55 rocket, which is loaded with lethal nerve agents and already has fuses and propellants. "This recommendation," the panel warned, "cannot be stated too strongly."

Katherine Roberts, Caroline Rand Herron and Michael Wright

Verbatim: Understanding Defense

"There are few members of Congress who think in terms of overall national security. They have knee-jerk reactions to something they read in the newspapers. Very often Congress, in responding to a problem, probably exacerbates it. Members of Congress, even those who complain about the military-industrial complex, are actually allies of certain members of it because of their constituents. That means investments and jobs in their constituencies.

"I think, quite frankly, that you get a distorted impression of what goes on in the defense establishment from what is presented in the news. Obviously, it's more interesting to write about something that goes wrong than to write about a system that's ahead of schedule and under cost."

Retiring Senator John Tower,
Republican of Texas and chairman of the Armed Services Committee, sizing up how Congress and the press handle defense matters.

Religion and Politics Mix Poorly for Democrats

By ADAM CLYMER

Not since John F. Kennedy ran for President in 1960 has religion been as much a part of political discourse as it was in the 1984 campaign. Bishops, ministers, rabbis — and candidates — talked about abortion and the separation of church and state. Religion even figured in television commercials. Serious intellectual issues were often seriously discussed, but the serious political issue was votes. Appeals by both parties were carefully aimed at particular religious faiths.

It seems clear now that the Republicans lost Jews but more than made up with Catholics and white Protestants, especially those white Christians who think of themselves as "born again."

According to the New York Times/CBS News Poll of 8,671 voters on Election Day, white Catholics — formerly safely Democratic — divided 58 percent to 41 percent for President Reagan. "Born-again" white Christians, who first came to wide political notice when Jimmy Carter ran as one in 1976, this time preferred the Republican candidate 81 to 19 percent. Other white Protestants voted for Mr. Reagan 69 to 30 percent.

White Catholics accounted for 24 percent of the electorate; born-again Christians for 16 percent; other white Protestants for 32 percent. Among the 3 percent of the voters who were Jewish, Walter F. Mondale held a 66 to 32 percent edge.

As the Rev. Andrew M. Greeley, a research associate at the National Opinion Research Center at the University of Chicago, put it: "For all the talk about defections of Catholics from the Democratic ticket, the thing that struck me was the departure of the white Protestants."

In a landslide like this year's, no one group determines a result. But according to the exit poll, the Republican 8.5 million-vote margin among white born-again Christians was a bit bigger than the combined Democratic margin among Jews and blacks — although blacks gave Mr. Mondale 90 percent of their approximately 9 million votes.

"Any liberal Democrat is off base with them (the born-again Christians) on values and life style issues," observed Lee C. Atwater, a key Southern strategist on the Republican team.

Not disagreeing sharply, Robert Squier, a leading maker of Democratic television commercials, said: "We may deal with them fairly effectively in other, statewide elections. But in good economic times we can't deal with them nationally. If we don't have an economic issue for those people, we don't seem to have any issues."

Figuring out which issues led members of any group to vote the way they did is harder than just counting the votes, but the Times/CBS News Poll made it clear that appearances before the election were deceiving.

Religion and the Presidential vote

Voting and issue preferences among key religious groups, from Election Day poll of 8,671 voters leaving polling places.

Voted for:	White Catholics	White 'born-again' Protestants	Other white Protestants	Jews
Reagan-Bush	58%	81%	69%	32%
Mondale-Ferraro	41	19	30	66

Factors influencing their vote:	White Catholics	White 'born-again' Protestants	Other white Protestants	Jews
Arms control/defense	53%	49%	53%	56%
Economy	41	43	44	35
Federal deficit	24	20	27	18
Fairness to poor	18	14	15	25
Abortion	8	18	4	8

The New York Times/CBS NEWS POLL

The contest for the support of white Catholics was open and obvious. Their bishops, priests and politicians were constantly out front in open debate, usually about abortion. But on Election Day, for Catholic voters as for almost everyone else, the buoyant economy was the principal determinant. Only 8 percent of the Catholics polled checked abortion as the key issue or one of two key issues that had influenced them; 41 percent — five times as many — checked the economy.

The Catholics ranked other issues higher too: arms control, 53 percent; the budget deficit, 24 percent; national defense, 23 percent; fairness toward the poor, 18 percent.

The Catholics in the sample who did rank abortion high were Reagan voters by a 71 to 28 percent margin. But the white Catholics who picked out fairness toward the poor formed a group more than twice as big and preferred Mr. Mondale by a 79 to 20 percent margin.

Catholics did not swing toward the Republicans much more heavily in 1984 than in 1980. The division was 58 percent to 41 percent this time, compared with 51 to 40 percent four years ago.

Even so, the Democrats have reason to worry. Whatever the rate of defection of various factions between 1980 and 1984, there is little likelihood that the Democrats can make long-range gains among white Protestants — for years the bedrock of the Republican vote. Catholics have been the core of white support for Democrats, and that

core seems increasingly hollow.

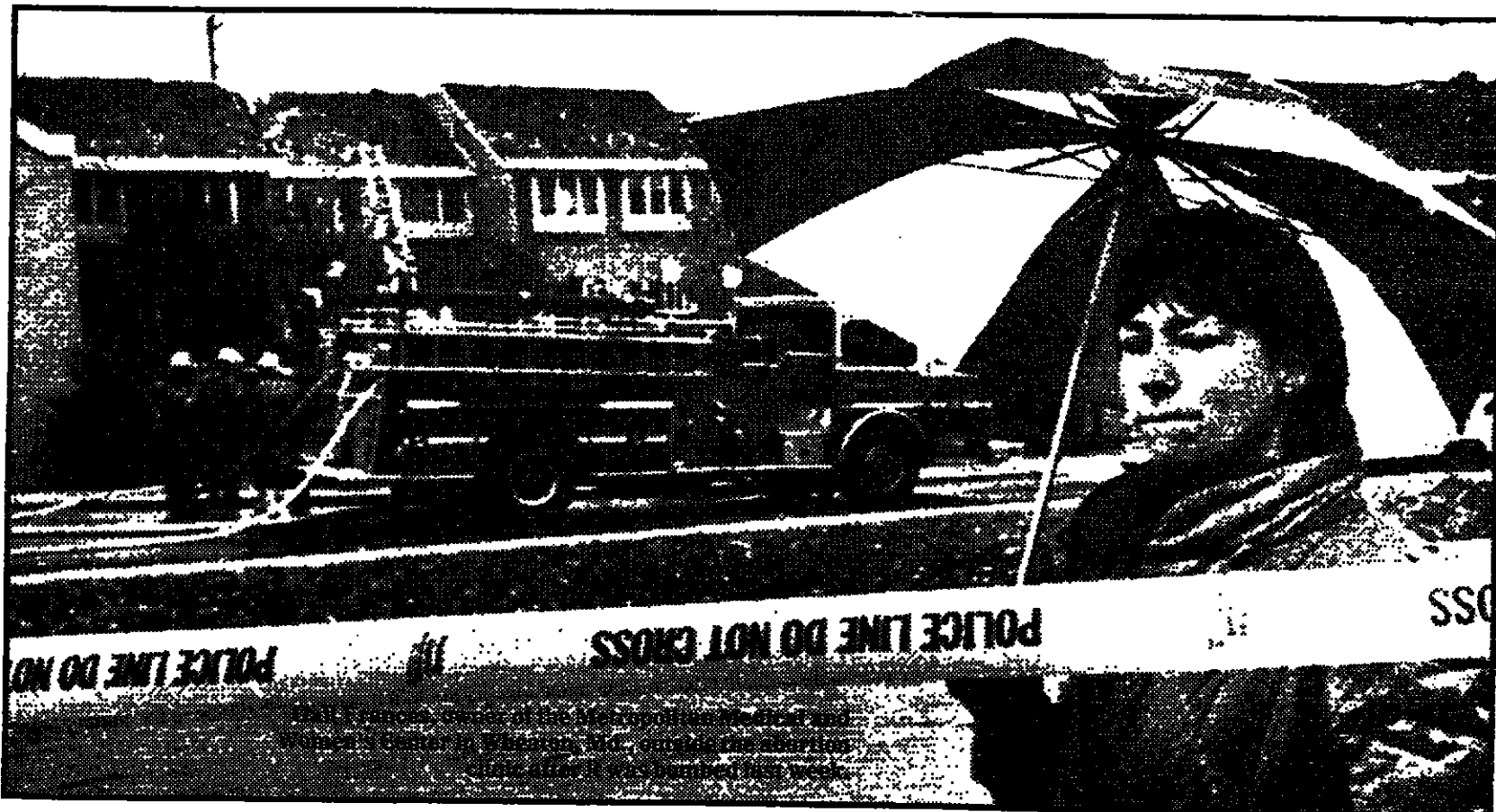
Abortion did seem to matter to the born-again white Christians. Eighteen percent checked abortion in the poll, and only the economy and defense were clearly more important to them. Ninety-three percent of the born-again Christians who picked abortion voted for Mr. Reagan.

For this group in particular, one element of Mr. Reagan's style seemed to pay off: his general adherence to "traditional values" appealed to about one born-again Christian in four.

There was a negative for the Republicans in the association of their party with one particular born-again Christian: the Rev. Jerry Falwell, founder of the Moral Majority.

The Republicans had hoped to capitalize among Jewish voters on accusations that Mr. Mondale was soft on the Rev. Jesse Jackson's alleged anti-Semitism, but they ran up against Jewish antipathy to the Falwell connection. As Roger Stone, another strategist on the Reagan-Bush team, put it: "Our upside potential was fantastic because of the anti-Semitism issue. We lost the focus and the issue became the separation of church and state."

Mr. Stone argued that just as the Falwell connection hurt with Jews, it also hindered Republican progress with young people and was not much help with Catholics. "We've got some great opportunities here," he observed, "if we don't go out on some social issue jag."



United Press International

Abortion Issue Takes a Violent Turn

By JAMES BARRON

To abortion rights advocates, the explosions that damaged two suburban Maryland clinics last week fit a disturbingly familiar pattern. They occurred soon after a round of demonstrations by antiabortion activists, and they were followed by an anonymous caller's claim that the bombs had been planted by the "Army of God."

The same claim was made after several of the fires and explosions that have damaged at least 24 centers in seven states and the District of Columbia so far this year, up from four in 1983. According to the Justice Department, there have also been 150 cases of vandalism or harassment at abortion facilities from New York to Florida. Abortion foes have splashed paint in waiting rooms and slashed tires on doctors' cars. Kim Calabrese, a receptionist at a clinic in Norfolk, Va., recalls being chased through a shopping mall by a woman screaming "stop murdering babies." And just last week, a part-time counselor at a clinic in Birmingham, Ala., returned home from work to find that her cat had been decapitated, the work, she believes, of abortion opponents who had been harassing her.

The Federal Bureau of Alcohol, Tobacco and Firearms says it has failed to find evidence linking the violence to antiabortion organizations, which have stepped up legal protests since Congress defeated a constitutional ban on abortions. Clinic operators feel otherwise. "Bombings almost never occur in isolation," said Nanette Falkenberg, executive director of the National Abortion Rights League.

"It starts with picketing, then paint in the wait-

ing room, then the locks are jammed."

Forty-six antiabortion demonstrators were arrested at the Metropolitan Medical and Women's Center in Wheaton, Md., two days before the clinic was bombed on Monday. The explosion was within 15 minutes of another blast at a Planned Parenthood office about a mile away. A few days later, a caller told a radio station that the "Army of God" was responsible for the blasts and planned to destroy other abortion clinics. By week's end, no suspects had been arrested.

Despite a \$50,000 reward, there have been no arrests in connection with a firebombing at a clinic in Norfolk, Va., where investigators also found a message from the "Army of God." The same group was also named in a threat last month against Supreme Court Justice Harry A. Blackmun, who wrote the opinion that legalized abortion 11 years ago.

Federal law-enforcement agencies, which have assigned special teams to investigate the attacks, say they doubt that the "Army of God" exists. Investigators believe that the name is being used by different antiabortion extremists. The name first cropped up after two Florida abortion clinic bombings in 1982, for which Donald Benny Anderson, a 42-year-old real estate salesman, was sentenced to 30 years in prison. He is also serving a concurrent 30-year sentence for the kidnapping of an Illinois doctor who ran another abortion clinic.

Among opponents of abortion, there is concern that the violence could cost support. A Maryland minister who had been at last weekend's protest rushed to Wheaton after the bombing to repudiate it. "I'm here to make it clear we have nothing to do with this," he said. One measure of what

abortion advocates are facing is that the National Abortion Federation, a clearinghouse for more than 200 clinics, has been working in makeshift quarters since July, when its Washington headquarters was bombed. The police also found an undetonated pipe bomb in an adjacent townhouse. Three days later, an explosion shattered a Planned Parenthood office in Annapolis, Md.

Those two targets are still in business, but some clinics are not. After three bombings in less than a year, the Feminist Women's Health Center in Everett, Wash., decided not to reopen.

Officials at the Metropolitan Medical and Women's Center had worried about an attack ever since the Federation bombing. Lisa Ammerman, head nurse at the clinic, said a guard had been hired but was not on duty the night of the explosion. Other clinics have installed security systems. Doctors and counselors have been instructed to leave one Norfolk clinic in pairs, and the National Abortion Rights League has helped organize escort services at other facilities. "It gets a woman into a clinic safely," said Miss Falkenberg, "but she feels like she's walking into an armed camp."

Some abortion clinics have also taken demonstrators to court with lawsuits that focus on where the First Amendment's right to protest ends and illegal harassment begins. Earlier this year, nine antiabortion demonstrators were fined \$250 for obstructing traffic outside the Hillcrest Clinic in Norfolk. The convictions were dropped after the protesters promised not to set foot on clinic property again, but employees at the facility later won an injunction from Norfolk Circuit Court Judge John Winston to end a decade of weekly demonstrations.

The World

Arafat Succeeds In Convening His 'Parliament'

Yasir Arafat proved last week that he still has loyal supporters in the splintered Palestine Liberation Organization. He opened the long-postponed meeting of the group's "parliament in exile" in Amman, Jordan, despite catcalls from Syria, which questioned the validity of his declared quorum of 261 delegates.

Meeting under heavy protection in King Hussein stadium while a military helicopter circled overhead, Mr. Arafat's supporters called for "escalation of the military struggle" against Israel. In Jerusalem, the Israeli Foreign Ministry dismissed the meeting as unlikely to produce anything new or positive. Israeli troops in the West Bank fired on rock-throwing young supporters of Mr. Arafat, killing two youths.

Mr. Arafat's military capabilities have dwindled. After Israel drove him from Beirut in 1982, dispersing his forces from Yemen to Algeria, chastened lieutenants in Syrian-controlled territory blamed the defeat on him. Quarreling openly with Syria's President Hafez al-Assad, he moved his headquarters to Tunis. When he tried to return to Lebanon, Syrian-backed Palestinians drove him from Tripoli. Their hatred was further stoked by his reconciliation with Jordan's King Hussein and Egypt's President Hosni Mubarak, whom they blame for "selling out" to Washington and isolating Syria.

The Israelis were not happy about the reconciliation either. Foreign Minister Yitzhak Shamir said yesterday, "I do not think that anyone in

nothing wrong with the officer's changing his appearance.

President Duarte had other problems last week. At least one right-wing death squad seemed active. A Lutheran minister, the Rev. Ernesto Fernández Espino, who engaged in relief work for refugees, was shot to death and disfigured with a machete in the eastern part of the country.

Further afield, a second meeting with representatives of the rebels is supposed to take place this week but one rebel leader, Héctor Oqueli, indicated his side might stay away. He complained that Mr. Duarte was making arrangements for the meeting without consulting the rebels. Others charged that representatives of the Roman Catholic church, who have been acting as intermediaries, had been favoring the Government position.

The President played down the importance of the next session by saying he would not attend because it was intended to deal only with procedural questions. Although the rebels indicated a willingness to discuss a cease-fire, or at least a truce for Christmas, Mr. Duarte discounted the possibility of an early halt to hostilities, saying it could come only when the rebels agreed to contribute to "the democratic process."

Food to Ethiopia Is Still Short

Food from the United States and other Western countries, sometimes transported on Soviet planes, was reaching hundreds of thousands of famished Ethiopians last week. But relief officials warned that many more, especially in remote or war-ravaged parts of the country, were still in danger. "Nobody knows how many people are dying at home or while walking to a center," a Western official said.

Efforts to get food deep into the countryside have been complicated by the activities of several guerrilla groups. Last week there were widespread reports of clashes between Government troops and rebels of Tigrayan People's Liberation Front, which is seeking independence for the northern province of Tigre. Fighting around the airport near the town of Korem cut off food for thousands of drought victims for a time.

Relief officials said the lives of more than six million Ethiopians — possibly 15 percent of the population — were at risk. Death rates in many of the 100 refugee camps, where about half a million Ethiopians are being fed daily, have dropped dramatically since the food started flowing in late October. But Tafari Wassen of the Ethiopian Government's rescue commission said new supplies were slow in arriving from abroad. The United Nations emergency coordinator for Ethiopia, Kurt Gunnar Jansson, said 200,000 tons of grain had reached that country, less than half the 430,000 tons pledged and only about a quarter of the 800,000 tons that Mr. Jansson estimated would be needed to halt starvation. "The pipeline has to be refueled," he warned.

Separatists Split In Quebec

The election of the pro-independence Parti Québécois in Canada's second most populous province in 1976 created an uproar among English-speaking Canadians, who feared the breakup of their federation. Last week the party itself seemed to be breaking up as five provincial ministers resigned in revolt against Quebec Premier René Lévesque.

Between the two events was a series of disappointments for the Parti Québécois, the biggest one being the loss of a referendum in 1980 that would have authorized negotiations for a sovereign state tied to the rest of Canada. The party rebounded from that defeat to win re-election in 1981, but its standing with the electorate has since waned considerably, according to repeated polls. At its last two conventions, the group decided to have the courage of its convictions and wage the next election campaign directly on its espousal of independence rather than on the general issue of good government, which had twice brought it victory.

Last week, with the province's population seemingly more interested in its lagging economy and high unemployment, Mr. Lévesque, a pragmatic ideologist, indicated he was having second thoughts about standing, or rather falling, on the independence issue. More militant ministers like Jacques Parizeau, the Finance Minister, and Camille Laurin, the Minister of Social Affairs, disagreed with the Premier's desire to play down independence in favor of bread-and-butter issues. They led a group of 13 hard-liners, including three other ministers, who could possibly reverse the party's majority in the Assembly and force an election now rather than next year. The latest soundings indicate that the Parti Québécois is trailing the Liberals, whom it replaced eight years ago, by some 40 points.



United Press International
Yasir Arafat addressing the Palestine National Council in Amman.

Israel views as positive an excessive intimacy between Hussein and Arafat. Mr. Shamir said it brought closer to the West Bank "the voice of the P.L.O. terrorist organization."

In the stadium, King Hussein called on the Palestinians to join in seeking a United Nations conference that would negotiate for return of territories occupied by Israel. The King alluded to a key disagreement, over whether the Palestinians can hope for a country of their own. He invoked Resolution 242, adopted in 1967 by the Security Council, which does not mention a Palestinian state. Yesterday, the P.L.O. reaffirmed its rejection of the resolution.

The Soviet Union, which supports both Syria and the Palestinian guerrillas, showed displeasure at the widening divisions. Leaders of two important Syrian-based dissident factions were summoned to Moscow, and while most Arab ambassadors in Amman attended Mr. Arafat's meeting as observers, the Soviet Ambassador stayed away.

Salvador Fails A Rights Test

Bringing to justice those who murdered two American advisers on land reform has long been considered a test, particularly in the United States Congress, of El Salvador's determination to end human rights abuses. Last week, the Salvadoran Supreme Court halted all proceedings against Lieut. Isidro López Sibirán, who, according to two men convicted of carrying out the 1981 murders, had issued the orders and furnished the weapons.

Salvadoran President José Napoleón Duarte, who has set great store by improving his country's human rights record, was presumably embarrassed. The United States was certainly angry. "We deplore it," an official at the American Embassy said. In Washington, the State Department said there was "no reasonable basis" for the court's decision, which confirmed lower court rulings. In Salvadoran law, the testimony of convicted murderers cannot be used against another suspect. Besides, the two accused could not nick 1 lieutenant 1 nor out of a no-

Some Poles Contend Cardinal Glemp's Profile Is Too Low

Church Has An Agenda Of Its Own

By MICHAEL T. KAUFMAN

WARSAW — At Roman Catholic services this month marking the 68th anniversary of the rebirth of Poland after World War I, the symbols of church and people once again fused and were invoked against the Communist state. Banners proclaimed "God and Nation," and forbidden Solidarity signs and phrases were expressed in the protective shadow of cathedrals.

Yet there are reasons to believe that beyond the tactical alliance reaffirmed after the murder of the pro-Solidarity priest, Jerzy Popiełuszko, the church and Solidarity have been following diverging paths.

Under Pope John Paul II, the church is attempting to use its position in Poland to gain influence elsewhere in Eastern Europe. "There is no doubt that what has been going on has been bargaining of sorts between the Kremlin and the Vatican," said a member of the Communist Party. But how much is being resolved through bargaining is at the moment not clear. Some people have wondered whether the plot to kill John Paul, with its putative Bulgarian connection, and the still unexplained murder of Father Popiełuszko have some bearing on the competition for spheres of influence in Eastern Europe.

One sphere at the moment seems to be Lithuania. Two months ago, the Vatican announced that the Soviet Union had denied a request to have the Pope visit Vilnius, the capital of the only Soviet republic with a sizable Roman Catholic population. Historically, Lithuania has had close ties to Poland, with which it was once united as a kingdom. Before the last war, Vilnius, then known as Wilno, had a majority of Poles.

"I think there is still some bargaining possible on the Lithuanian trip," said the party source. He said he had heard that one point of contention was the Pope's desire to fly directly to Lithuania instead of going to Moscow first as Soviet leaders wished. Another factor is said to be the Pope's interest in links with Eastern Orthodox churches.



Roman Catholic worshippers at St. Michael Church in Nemencine, Lithuania.

Source: Tass - V. Gulevich

In addition to Lithuania, where a papal visit could have a profound impact, the Vatican has obvious interests in gaining greater church freedom in countries like Hungary and Czechoslovakia. Recently a Sunday mass was broadcast in Hungary; and Mother Theresa, the head of the Calcutta-based charitable order, was recently in Prague saying she wanted to send some of her nuns to work there.

What interest would the Kremlin have in granting such concessions to the church, particularly in light of the troublesome Polish experience? Polish sources close to the church suggested that the Soviet leaders were hoping to persuade the Pope to take up the issue of European disarmament and lean toward their position in the dispute with the West over deployment of American-made missiles.

Looking Beyond Poland

The church's wider interests may help explain why some Polish prelates have seemed so docile toward the state, why the Primate, Joseph Cardinal Glemp, has often endorsed Gen. Wojciech Jaruzelski in public and rarely challenged him, and why activist worker priests have been sent to rural parishes, or as in the case of Father Popiełuszko, urged to go to Rome. Such attitudes have puzzled some of the faithful.

"You know, some people are calling the Cardinal 'comrade Glemp,'" said a pious widow who sympathizes with Solidarity. "The Cardinal," she added, "is not like Wyszyński," referring to the late Polish Primate, Stefan Wyszyński, who battled the Communist authorities to gain rights for the church and its followers. "What is Glemp doing?" she asked.

Part of the answer lies in Wyszyński's struggles and more particularly in his victories. Today the church in Poland is powerful and visible. There are twice as many priests as there were before World War II. The lines of mourners waiting for hours in freezing cold to see the slain priest's grave showed power that any government would have to reckon with. Pope John Paul II has twice visited his homeland and some Communist party figures have shaken in his presence. Crucifixes hang in state schools, while masses are broadcast weekly on the state radio.

Nothing like this exists anywhere else in Eastern Europe, not even in anti-Soviet Yugoslavia. The truth behind the widow's question is simply that she and the Vatican now have different priorities. For her as for many Poles, including a number of bishops, the power of the church should be harnessed to confront the Communist leaders in defense of Solidarity's ideals.

Much of the Polish population is passionately involved in the struggle for greater freedom. Some seek freedom elsewhere, like the 428 tourists who have fled their ships for asylum in West Germany in the last two weeks. (In the strained atmosphere, West German Foreign Minister Hans-Dietrich Genscher canceled a visit to Warsaw last week.) Poles who stay look to the alliance of the church and such people as Zbigniew Bujak, the fugitive leader of Solidarity, as a sanctuary. But the professionals in both camps warn that the tactical ties should not bind too tightly. As an outspoken theoretician of Solidarity put it recently, "The church will drift away from us and it should. Let Cardinal Glemp and the Pope concern themselves with the souls of Europe and let Bujak lead the revolution in Poland."

Dramatic Seizures Appear to Leave Supplies Unaffected

Is Drug War Merely a Holding Action?



Peruvian policemen preparing to burn confiscated cocaine near Lima.

Vision/Vera Lenz

By JOEL BRINKLEY

WASHINGTON — Cocaine traffickers scored a significant victory last week. In Peru, the world's leading grower of coca leaf, the United States suspended its antidrug program after at least 20 workers were killed in a murderous raid on a coca eradication workers' camp. In Mexico, meanwhile, marijuana traffickers suffered an important defeat. Authorities there made the largest drug seizure ever recorded, destroying more than 10,000 tons of marijuana.

Government specialists said both the success and the setback were major developments in the international narcotics war. Nonetheless, viewed

Neither Peruvian nor American officials were sure who fired the submachine guns in the raid on a jungle campsite at Monzón, 200 miles northeast of Lima. The program was suspended, a State Department official said, "until we can get a clearer picture" of who was behind the attack and its long-term meaning. It was the second suspension in Peru in three months. This year, the United States antidrug program is spending \$4.2 million in Peru, where nearly half the world's coca leaf grows. Most of the cocaine produced from it is consumed in the United States.

But even if all the Peruvian coca plants were pulled from the ground tomorrow, American officials acknowledge, the other big coca-growing countries — Bolivia and Colombia —

seven Federal police officers in the raid, which helps explain why the marijuana plantations escaped notice for so long. United States officials said. Using slave labor, the drug traffickers in northern Mexico had grown 10,000 tons of marijuana, eight times as much as Mexican and American officials had believed was produced in all of Mexico in a year. Now drug enforcement officials are waiting to see if the street price will rise in the United States, indicating that they have made a dent in the supply.

Recent Federal estimates, which place American consumption of marijuana at 13,600 to 14,000 tons a year, have been undermined by the magnitude of the seizure in Mexico. "It appears that our numbers have been vastly underestimated," said Robert Feldkamp, spokesman for the Drug Enforcement Administration.

The National Institute on Drug Abuse has estimated that roughly 20 million people use marijuana regularly, 5 million to 10 million use cocaine and that 500,000 are addicted to heroin.

Enforcement officials know that the worldwide supply of marijuana, like cocaine, far outstrips demand. Federal officials had also predicted that prices would be driven upward in March after the record seizure in Colombia of 10 tons of cocaine, which was estimated to be equivalent to more than 10 percent of total annual cocaine consumption in the United States. But eight months later there has been little measurable change in price, except in Miami.

Jon Thomas, the Assistant Secretary of State for international narcotics matters, has concluded that worldwide narcotics trafficking cannot be significantly curtailed unless "all the production areas are brought under control simultaneously."

Record Opium Production

In Burma, the world's largest producer of opium, which is used to make heroin, the Government has predicted a record opium crop, even though more opium poppies were wiped out this year than ever before. In Thailand, despite significant aid from the United States and other countries, acreage planted in opium poppy has increased by 38 percent this year. Pakistan has significantly reduced the acreage planted in opium poppies. But the growers have countered by simply picking up and moving across the border to Afghanistan, where heroin production levels have increased steadily.

Nearly all the world's coca leaf comes from Bolivia, Peru and Colombia. Bolivia, under pressure from the United States, launched the most dramatic drug crackdown ever attempted this fall. But the effort has led to turmoil. Last month, President Hernán Siles Zuazo went on a hunger strike for almost a week to protest allegations that his administration was in league with the traffickers. Colombia's President, Belisario Betancur, has also declared a war on narcotics trafficking this year only to be met by widespread mafia-style violence.

The State Department last week relayed reports that Colombian cocaine traffickers had made what one officer called "significant threats" against Government officials and American diplomats. The United States Embassy in Bogotá said that 10 of its 100 diplomats had been sent abroad for six weeks with their families because of the threats. Ambassador Lewis Tams said that the United States would not back down against drug trafficking. Around the world, the United States is spending \$50.2 million on narcotics control this fiscal year.

Meanwhile, as conditions become more diffi-

I.R.A. Seen Gaining

London Shuns Proposals On Ireland, Sets Off a Storm

By JO THOMAS

BELFAST, Northern Ireland — The Republic of Ireland, born in violence and delivered by the same Irish Republican Army it now opposes, has always laid territorial claim to Northern Ireland and has fixed this claim in its Constitution. It was thus seen as a significant concession last spring when nationalist parties of the north and south said in the report of the New Ireland Forum that, to bring peace to the province where more than 2,400 people have died in political violence since 1969, they might settle for something less than a united Ireland.

But last week, in language that the Irish Prime Minister reportedly called "gratuitously offensive," British Prime Minister Margaret Thatcher flatly ruled out all their proposals: "I have made it clear that a unified Ireland was one solution that is out. A second solution was a confederation of two states. That is out. A third solution was joint authority. That is out — that is a derogation of sovereignty." Mrs. Thatcher's Northern Ireland Secretary, Douglas Hurd, later reiterated that Britain was not prepared to give the Dublin Government an executive role in Northern Ireland.

Editorial writers in Dublin were indignant. Said The Irish Times: "So this is the new British initiative: first, Mrs. Thatcher's 'out...out...out' foray, then Mr. Hurd's laying down on Irish soil, for the Government of the Republic, the limits of interest it is to be permitted to take in the affairs of Northern Ireland." The newspaper added, "It seems that the North is now back to about the year 1926."

Mrs. Thatcher and Mr. Hurd added to the furor by challenging the Irish Government's belief that a growing sense of alienation among Northern Ireland's 500,000 Catholics has increased the danger there. "Well," Mrs. Thatcher said in a televised press conference seen all over Ireland, "this word 'alienation' has come in somehow in the last year, and I'm bound to say that, as far as my information is concerned, one could not find alienation." Some British officials sought to write this off as Mrs. Thatcher's distaste for psychoanalysis in politics, but Mr. Hurd underscored her observation. Reports of alienation in the minority community had been exaggerated, he suggested, and alienation was a self-fulfilling analysis.

"Where is Mr. Hurd?" asked John Hume, leader of the Social Democratic and Labor Party and generally regarded as a spokesman for moderates in the province. "If he wants to find out about alienation, let him come to visit me in my home," Mr. Hume said in a BBC radio broadcast. "Do you know what he will need to do that? He will need an army of tanks to bring him in there." Mr. Hume lives near the Bogside area of Londonderry, now re-



Funeral for a victim of sectarian violence in Belfast.

named Derry by the City Council, which is controlled by his party. The police enter the Bogside only under army protection.

Feelings run so high that onlookers recently knocked out the teeth and blackened the eye of an ambulance attendant sent to assist a British soldier severely injured by a booby-trap bomb.

Mr. Hume, whose party is competing with Sinn Féin — the political arm of the Provisional Irish Republican Army — for the allegiance of northern nationalists, had staked much on the hope that the forum's report would prompt a fresh approach. Now he and his party are trying to decide what ground remains for them to stand on.

"Smashed Eggs"

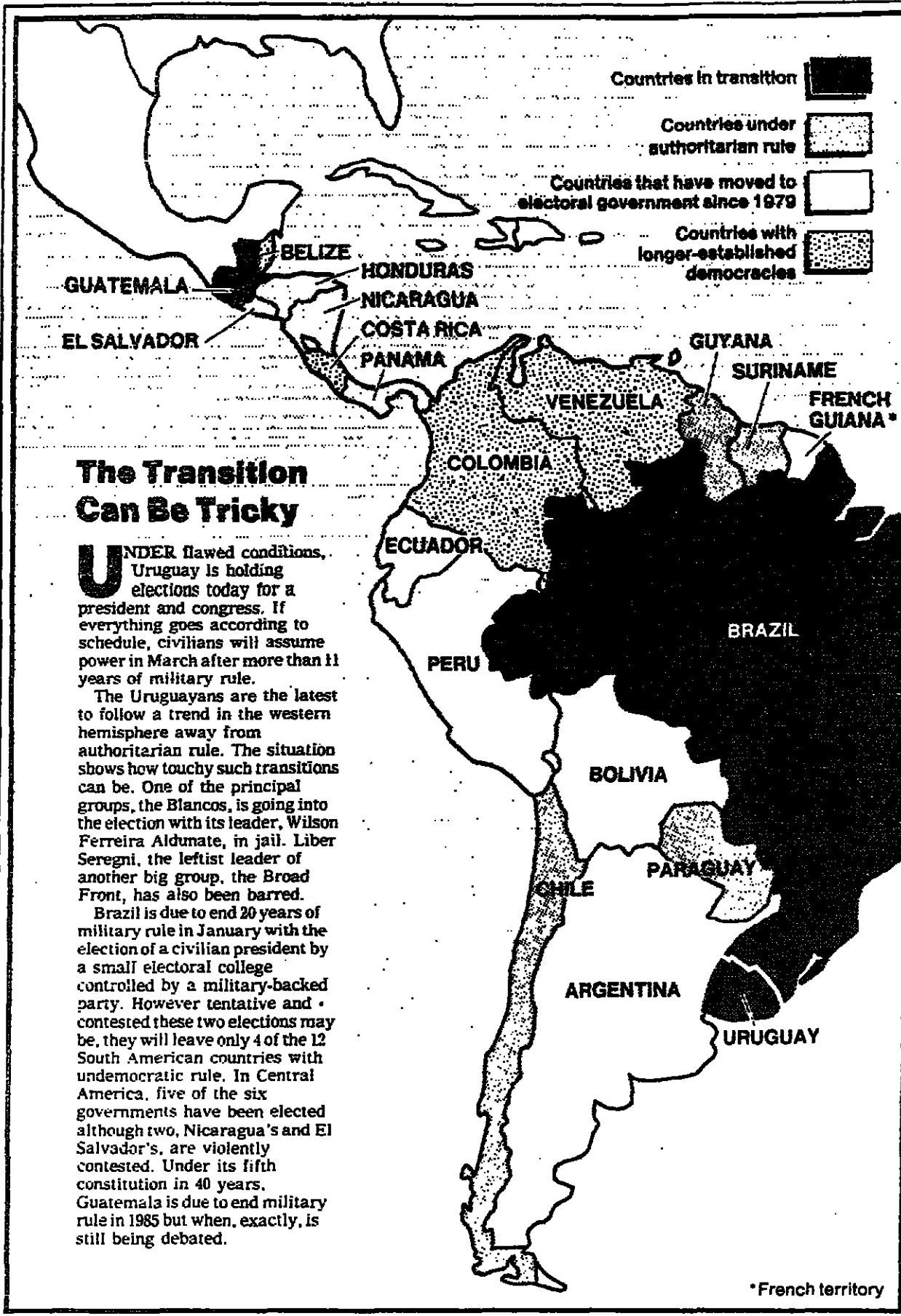
"It could be seen as a great victory" for the Provisionals, Dr. Joe Hendron, a Social Democratic Party leader, said. "We are disappointed by the arrogance of the Prime Minister and her apparent dismissal of the New Ireland Forum. The forum report was the very deeply considered opinion of the nationalists on this island, north and south."

"Anyone who goes to the negotiating table goes with options," said Joe Austin, Sinn Féin's Belfast chairman, noting that his party, which contends that the British will only respond to force, had been excluded from the forum. "They put all their eggs in one basket and the eggs are all smashed," he said. "I think Hume thought Thatcher would give something for nothing. She's backed her side. We would have liked to have seen a situation where she would have begun a process of re-examination," he continued. "She didn't, and it set everyone back." His conclusion: "There is no constitutional way forward."

The Irish Prime Minister, Garret FitzGerald, was heatedly denounced by Charles Haughey, the opposition leader. "No agreement on political structures within Northern Ireland is even remotely likely," Mr. Haughey insisted. "The people of Northern Ireland are being callously condemned to more bloodshed, more violence, more misery indefinitely." He added, "You have led this country into the greatest humiliation in recent history. You have done grievous damage to our national political interest and our pride. History will record that it would have been better if your visit to Chequers (Mrs. Thatcher's official country residence) had never taken place."

British officials played down the rift, taking hope from the comments of Dick Spring, the Irish Deputy Prime Minister. "We must keep dialogue open," Mr. Spring said, "because obviously there is only one group that stands to gain from its absence — the I.R.A."

Democracy Gains In Central and South America



The Transition Can Be Tricky

UNDER flawed conditions, Uruguay is holding elections today for a president and congress. If everything goes according to schedule, civilians will assume power in March after more than 11 years of military rule.

The Uruguayans are the latest to follow a trend in the western hemisphere away from authoritarian rule. The situation shows how touchy such transitions can be. One of the principal groups, the Blancos, is going into the election with its leader, Wilson Ferreira Aldunate, in jail. Liber Seregni, the leftist leader of another big group, the Broad Front, has also been barred.

Brazil is due to end 20 years of military rule in January with the election of a civilian president by a small electoral college controlled by a military-backed party. However tentative and contested these two elections may be, they will leave only 4 of the 12 South American countries with undemocratic rule. In Central America, five of the six governments have been elected although two, Nicaragua's and El Salvador's, are violently contested. Under its fifth constitution in 40 years, Guatemala is due to end military rule in 1985 but when, exactly, is still being debated.

1984 Economic Growth Rate Could Hit 5 Percent

Newly Stable Ghana Begins Showing Signs of Prosperity

By CLIFFORD D. MAY

ACCRA, Ghana — Flight Lieut. Jerry John Rawlings, who has ruled this West African country for almost three years as a proponent of third world revolution and liberation, is now seeking Western financing for a solidly capitalist recovery plan.

Since coming to power in a December 1981 coup, Mr. Rawlings has been a difficult man for many Ghanaians as well as foreigners to comprehend. He has enjoyed close relations with the Libyan leader Muammar el-Qaddafi and in recent months has been a guest in Nicaragua and Cuba. Not long ago a high-level Ghanaian delegation concluded an official visit to the Soviet Union. Another delegation left last month on a visit to North Korea and China. But the Government has also initiated a rapprochement with the United States and next month in Paris, Ghanaian officials will seek financial assistance from Western donors. Washington sees relations with Ghana as "a mixed bag." Mr. Rawlings' domestic economic policies get higher marks than his foreign dealings, although lately a toning-down of his anti-American attacks has been noted and relations with Washington have improved. The United States is giving Ghana food and help in military training. Washington also has proposed some development aid, although not as much as Mr. Rawlings would like.

The recovery program, which has included a drastic devaluation of the currency and new incentives for farmers, local entrepreneurs and foreign investors, is believed to be largely responsible for the recent dramatic economic upturn. After more than a decade of steady decay, Ghana this year is expected to show an impressive growth rate of 5 percent with inflation trimmed from 140 to 35 percent.

With better rainfall, severe food and electricity shortages have come to an end. And a growing sense of political stability has led to the reopening of Ghana's borders with its neighbors, Ivory Coast, Togo and Burkina Faso, formerly known as Upper Volta.

Within Ghana, Mr. Rawlings also seems to be of two

minds. He says, for example, that he believes in the concept of a free press and that the state-owned media, too, should be instruments of debate, discussion and even controversy. But Ghanaian newspapers critical of the Government have been forcibly closed down and several journalists have been arrested.

"You can't call this free speech," a prominent Ghanaian lawyer said. "I'm sitting here talking and there is fear in my mind. Whom am I talking to? Whom will he tell? In a free country people don't have to feel like that." Ghanaian lawyers have also been attacked, their chambers have been ransacked, and a system of people's tribunals has been set up because, Mr. Rawlings said, the British-style judicial system has functioned in favor of the privileged classes.

"Who is Jerry Rawlings and where is he taking this country?" a business executive asked. "I don't think anybody knows."

For a recent interview Mr. Rawlings appeared in crisply pressed powder-blue jeans, a shirt of the same shade, black boots and dark glasses. He looked more like a film actor or a rock star than an African ruler. At one point, he seemed to become frustrated with the conversation. "We operate in different orbits of culture and logic," he told an American guest. "It's not going to be easy to try to get you to understand."

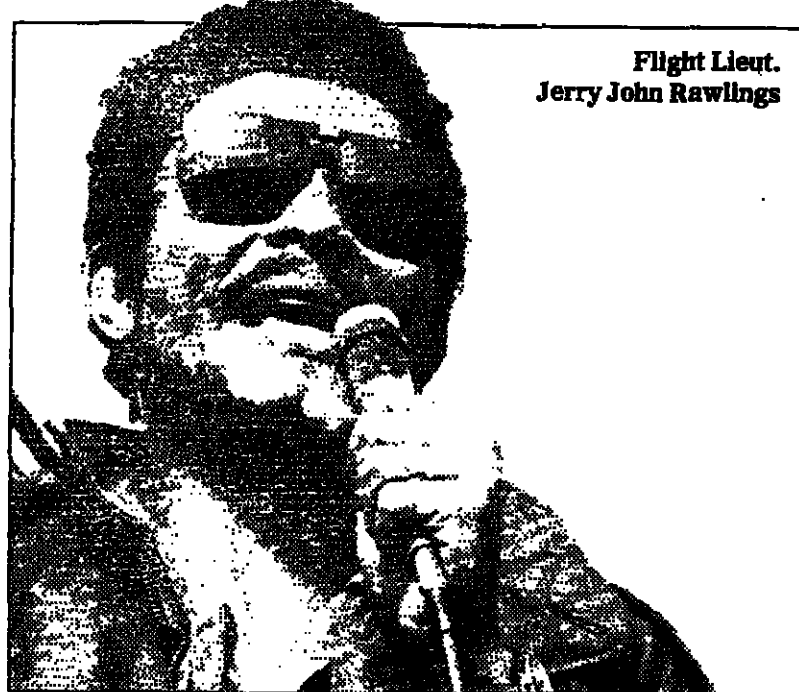
Understanding does not seem to come easily even to people experienced in dealing with him. "Jerry Rawlings seems to be a lot of different people," said a senior Western diplomat. "Will the real Jerry Rawlings please stand up? Maybe he will, maybe he won't."

The 37-year-old leader first got public attention in 1979 when he spoke out against injustices in Ghana during a trial for involvement in what has been described as a minor mutiny. He was sentenced to prison but in June of that year, a group of junior officers launched a coup, released Mr. Rawlings and proclaimed him their leader. The ensuing housecleaning included the execution of three former heads of state. Then, three and a half months later, with some prodding by Western diplomats, he turned power over to an elected civilian government. "I was a victim of innocence," Mr. Rawlings recalled.

The civilian administration soon became bogged down in inefficiency and corruption and on Dec. 31, 1981, Mr. Rawlings took over again. Libya, which may have had a hand in the coup, supported the Government during its first year in power by supplying oil on favorable terms. But Colonel Qaddafi eventually began to ask for favors in return, such as access to Ghanaian military bases, according to Western diplomats. When Mr. Rawlings refused, the diplomats add, Colonel Qaddafi cut off the oil despite signed agreements.

"Whatever else Rawlings is, he's a nationalist," a diplomat commented. "He's not about to give away the store to anybody."

Many Ghanaians who say they don't particularly care for him, give him credit nonetheless for honesty and integrity and would not want to see him ousted. "If we have another change of government it would be a terrible mess," said a Ghanaian businessman. "The last thing we need is to start all over again."



Flight Lieut. Jerry John Rawlings

Libya Fudges a Deal

Mitterrand's Grand Plan In Statecraft Goes Awry

By JOHN VINOCUR

PARIS — As grand designs go, this one soared: First, France was to persuade Libya to pull out of Chad, and with that accomplished, become Col. Muammar el-Qaddafi's privileged Western friend and special beneficiary of what's left of his great pile of cash. Then, President François Mitterrand was to meet with the leaders of Syria and Israel, an extension of the series of Middle East conversations he started during the summer with Algeria and Morocco. After that, Mr. Mitterrand planned to head to a summit meeting of French-speaking African countries in mid-December where he could expect to be praised for resolving the Chad problem.

With the Middle East short of peacemaking initiatives, and, for some French analysts, truly weary of self-destruction, the intent of the plan was to offer Mr. Mitterrand as a credible go-between. In the filigree at the edges was the idea of getting a better fix on the intentions behind the Moroccan-Libyan unity initiative, and making sure that the succession to the ailing Habib Bourguiba in Tunisia, Libya's neighbor, takes place quietly. It seems clear that France did not truly suppose its gifts for master-planning would resolve the Arab-Israeli problems, which require the participation of the United States and vast leaps of faith. But the Government seemed to feel that if it could line up all its assets for everyone to see, then it had a role in the Middle East. The president who could calm Colonel Qaddafi, talk to President Hafez el-Assad and embrace Israeli Prime Minister Shimon Peres, an old friend in the Socialist International, could consider himself unique.

Such gambits would reinforce France's attempt to hold on to a position of leadership in Europe and a place among the countries that count in the world. Mr. Mitterrand, whose popularity ratings are the worst of any French president since Charles de Gaulle, just might also have been thinking of raising his appreciation-level at home. With projections showing increased unemployment in France next year, statesmanship could seem the likeliest way to reverse his fortunes. How low they have fallen was indicated last week during a visit to Alsace by the unusual snub inflicted on him for reasons of domestic policy by the angry mayors of Strasbourg and Colmar.

This week, Mr. Mitterrand heads for Syria as planned, and Mr. Peres is expected in Paris soon. But the complicated grand design behind those meetings has wobbled and fallen. Colonel Qaddafi not only did not remove all his troops from Chad as he said he would, but France tried to cover for him, saying the Libyans had vanished into the sands. The deception became apparent, and with it, strong signs of confusion and incompetence.

Last week, after Foreign Minister Claude Cheysson had gone to Washington to discuss the situation, one French intelligence agency denied another's estimate of Libyan troop strength, and suggested the figures it repudiated came from the United States, whose satellite photos initially exposed the presence of the supposedly departed Libyan troops. On Thursday, Greece, enlisted by France to bring Mr. Mitterrand and the Libyan leader together, announced that a French-Libyan military commission was supervising the withdrawal in Chad, a statement immediately contradicted by the French Foreign and Defense Ministries.

Maurice Couve de Murville, the former Gaullist Prime Minister and Foreign Minister, may have been pushing things when he said in the National Assembly

Libyan troops on the move in Chad earlier this month.



Sygma/Jean-Yves Escher

that it was "the greatest humiliation that France has known in a long time." But even the newspaper closest to the Socialist government, Le Matin, acknowledged that Mr. Mitterrand's credibility had suffered greatly.

The effects of the Chad situation are multiple. In terms of large segments of French public opinion, Mr. Mitterrand has become the man who took Colonel Qaddafi at his word, which, a French observer suggested, may turn out to be the greatest expression of misguided French generosity since Talleyrand signed away Louisiana in 1803 for \$15 million. The result is that the nature of anything the President might want to undertake in the Middle East has changed; appeals to take Mr. Assad similarly on faith, for example, will be difficult. Under other circumstances, it might have been possible for Mr. Mitterrand to skirt the question of Syrian involvement in attacks that killed the French Ambassador to Lebanon, blew up an office in Paris, and destroyed the French military headquarters in Beirut last year. Not any more.

But the issue of credibility also works in the other direction. The depth of the confusion inside the French establishment exposed by the situation in Chad cannot be reassuring to Syria — or to Israel, regardless of the relations Mr. Peres has maintained with Mr. Mitterrand. More significantly, it clearly frightens the French-speaking African countries that depend on France as a policeman.

In vast parts of West and Central Africa, France means a kind of stability, and not grand diplomatic schemes on paper. The realization that this important African security arrangement could be weakened or compromised through the French Government's haste to score points on a vaguer, perhaps uncontrollable landscape, is the central irony of what the press here, both left and right, continues to call the major foreign policy error of Mr. Mitterrand's presidency.

How Institutions Rule the Market

Their billions cause prices to gyrate. The jolts send the small investors fleeing.

By MICHAEL BLUMSTEIN

HAROLD J. FOLZ, a retired vending machine operator living in Hallandale, Fla., is fed up with the stock market. "I find it very speculative," he said. "It flies all over. You think it's hitting bottom, and it goes down more. To my mind, it's craphooting."

That sort of puzzlement and alarm over the sudden gyrations of many stock prices these days also drove Samuel J. Mevorach from the market. The 49-year-old New York businessman sold the quarter of his portfolio that he had invested in stocks and bought municipal bonds instead. "At least you know you're going to get your money," he said. "We've seen the market take plunges and jumps like crazy. You'd open the paper in the morning and see you're down a couple of hundred thousand dollars. I'd rather have my secure income and take less."

Retail brokers across the country find these sentiments increasingly common among thousands of individuals who had previously considered the stock market the best place to invest. Noted David M. Ciment, a vice president with Dean Witter Reynolds Inc. in Hartford: "More and more people say, 'Why risk a 12-percent return in the stock market when you can get nearly 12 percent in a Government-backed security?' It's difficult to argue with that."

The upshot is that the John and Jane Doe's of America have been bailing out of the stock market for a year and a half now, ever since the big rally of 1982 and 1983 ended. Even last summer's ballyhooed change in the tax law — cutting to six months, from 12, the amount of time that a stock must be held to get favorable tax treatment — failed to slow the small investor's departure from stocks.

"It's almost as if a whistle went off on June 1, 1983, and someone said, 'The game is over. Everyone go to the locker room for a couple of years,'" said Robert P. Ritterreiser, chief administrative officer of Merrill Lynch & Company, parent of the country's largest securities firm.

But will it be just a couple of years? Several major developments, most notably high interest rates and the allure of competing investments, have been drawing the small investor from the stock market. And, even more ominously, the little guy has been frightened by the growing influence of the big institutional players — the pension funds, mutual funds and insurance companies. Their ability to buy and sell millions of dollars of stocks at a crack has led to wild price gyrations that can enrich or wipe out small investors in a week or two. And that has driven many away from the whole game, perhaps for good.

"Stocks will go up and stocks will go down," said Arthur Levitt Jr., chairman of the American Stock Exchange. "But going up and down merely to respond to competitive pressures of institutions creates an aberration that is destructive to the markets. When markets jump, it tends to make investors nervous and uneasy, and they tend to avoid situations they really cannot understand."

Of course, the public's interest in the stock market has waned during prolonged bear markets of the past. But if individuals shun the stock market even during the next rally, that could have enormous implications for

THE INSTITUTIONAL EDGE

By virtue of its size, an institution that invests in the stock market gets daily access to research material that the average citizen never sees. And this material can be very telling.

One such example is a computer program that Salomon Brothers Inc., which deals only with institutions, spent seven years developing and now shares with its best customers. The program basically

looks at where the big money on Wall Street is being invested on the theory that this money is what ultimately moves stock prices.

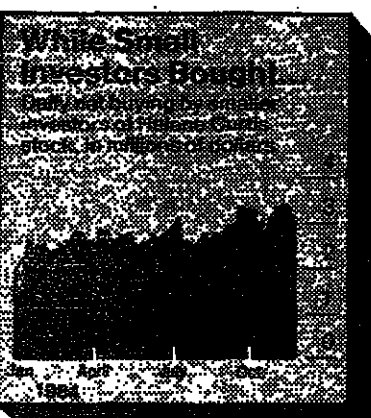
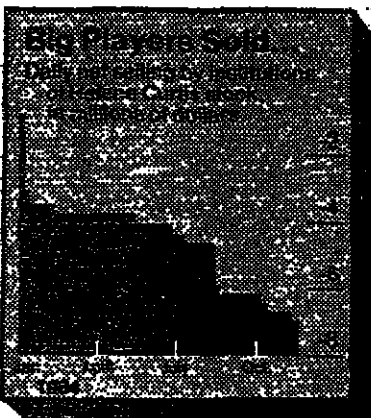
For any stock being studied, the computer separates the trades — as quickly as they take place — into two categories: those of 10,000 shares or more — presumably done by big, powerful institutions — and those of less than 10,000 shares.

In each of the two categories, the computer then looks at the value of trades that took place on an uptick (meaning the price moved up from the last sale) and the value of trades that took place on a downtick (meaning the price moved down). The value of the downtick trades is then subtracted from the value of uptick trades. (Trades that did not cause a price movement are discarded.)

If the number is positive, it means money is going into the stock. If the number is negative, the stock is being sold. Sometimes, the big institutions sell, pulling out their money, while the little investor keeps on buying.

Such was the case recently with Helene Curtis — as the accompanying charts indicate — and small investors took quite a beating. As the top chart shows, big institutions had been quietly pulling money out of the stock since January. But the price of the stock held up because — as the middle chart shows — smaller investors were buying. Last Monday, those small investors learned what the big institutions had apparently foreseen: The company predicted a loss for the quarter, and its stock price — bottom chart — plummeted \$5.75 a share, losing 29 percent of its value. It closed that day at \$14.

Does the computer program always work so well? "It's been very successful," said Leszek Birnly Jr., the Salomon Brothers vice president who led its development.



Source: Salomon Brothers

the slumping securities industry, which has traditionally made much of its money on the commissions paid by the small investors. And, more importantly, it could damage the very heart of the stock market.

In the past, the huge number of players in the United States market has provided extraordinary liquidity, letting both individuals and institutions buy and sell shares without any one of the millions of daily trades causing a large leap or dip in stock prices. In recent years, however, prices have started to move more sharply, as discouraged investors take their money out of the market, flee to safer ports and no longer provide the cherished liquidity. That leaves only the elephantine institutions to do the bulk of the buying and selling. The ultimate concern is that without the millions of individual investors, the stock market will not have the price stability to perform its primary function of helping corporations sell new stock to raise capital.

"You get moves in stocks in a day or week that used to take a month or

year," said Steven A. Kroll, chief investment officer of Hutton Asset Management, which runs E.F. Hutton & Company's mutual funds. "It's like a floating crap game. If people lose at the game, they're going to walk away."

Certainly, the signs abound that individual investors are being overwhelmed by the big institutions. According to Rodney S. Schwartz, an analyst with Paine Webber Inc., institutions are now responsible for 60 to 65 percent of volume on the Big Board, while Wall Street houses trading with their own money — a growing form of institutional participation — account for 25 to 30 percent of volume. That would mean individuals are doing only about 10 percent of all trading — down from 33 percent in the late 1970's, Mr. Schwartz estimated.

New York Stock Exchange statistics tell a similar story. Blocks of 900 shares or less — the small trade that is generally typical of the individual investor — now account for only 10.5 percent of all trading, down from 16 percent in 1982 and 42 percent in 1975.

At the same time, blocks of 10,000 shares or more — the domain of the big institution and the Wall Street houses trading for themselves — account for 51 percent of Big Board volume, up from 41 percent in 1982 and 17 percent in 1975. Even at the American Stock Exchange, home of stocks typically favored by individuals, block trading has grown to more than 30 percent of volume, from 22 percent in 1982 and 7.5 percent in 1975.

The key reason for the growing importance of institutions in the stock market is the new power of pension funds. No other institutions have increased stock holdings at so rapid a pace. The total assets of pension funds were \$875 billion at year-end 1983, and \$397 billion in stocks. That was triple the investment in stocks in 1975, when total pension fund assets were \$260 billion. The money has been going into stocks because managers of pension funds fear that they will lose their large management fees if they park all their funds in fixed-income securities.

As a result, pension funds held 20 percent of the \$2 trillion in United States corporate equities outstanding in 1983, up from 14 percent a decade earlier. By comparison, insurance companies and mutual funds each held less than 5 percent.

Individuals, meanwhile, have been pulling their money out of the market. Even when mutual funds are included, individual ownership of stock as a percentage of all corporate equity has been declining steadily since 1952, according to Federal Reserve estimates. This year is not likely to be an exception: E.F. Hutton, a major retail-oriented securities firm, said its individual customers taken together have been substantial sellers almost every day since January. And Sindlinger & Company, which conducts polls on economic matters, found last month that only 38.6 percent of stockowners in the United States thought the market would turn up in the next six months. That was the lowest percentage since August 1983.

The reluctance of individuals to put their money directly into stocks is a matter sure to be discussed this week at the annual convention of the Securities Industry Association in Boca Raton, Fla. The trend has been particularly costly for Wall Street giants such as Merrill Lynch, Hutton, Paine Webber and Prudential-Bache — all firms whose bread and butter has been the handsome brokerage fees paid by small investors. As a result, the industry is shifting its resources to the institutional side of the business; even A. G. Edwards & Sons Inc., the St. Louis-based house that has long focused on serving the public, is increasing its institutional presence.

But profits from this institutional business are shrinking, in part because institutions are powerful enough to negotiate small commissions. That makes winning the little guy back a priority for the industry. But the task will not be easy because of several recent developments:

• The individual investor was not a big winner in the bull market that started in August 1982 and petered out a year later. "The individual investor got into the '82-'83 rally late and got burned pretty badly in the second half of '83 and into '84," said Greg A. Smith, research director of Prudential-Bache Securities Inc. "He has been licking his wounds from that."

• Recent market rallies, sparked by sudden surges of institutional buying, have been too short to attract the public. The most recent example was on Oct. 18, when the Dow Jones industrial average shot up 29.49 points. But that was the entire rally. "To get the individual back into equities, what you need is six to eight weeks of generally rising equity prices," said Perin H. Long, an analyst with Lipper Analytical Services Inc. "The individual isn't going to come in until he

The Economy

believes he has a chance to make some money."

• New products, in particular options on stock market indexes, are attracting some of the retail money that might otherwise go into equities. Noted most often is the popular option on the Standard & Poor's index of 100 stocks. The Chicago Board Options Exchange estimates that one-fifth of the 250,000 contracts traded daily on the option are retail business involving small investors. With this option, a person does not have to figure out how a particular stock will move; he can just bet that the market as a whole will go up or down.

• Some companies involved in takeovers or leveraged buyouts were heavily owned by small investors, according to Mr. Smith of Prudential-Bache. "Gulf was 70 percent owned by individuals, and that money didn't come back into the market" after Gulf's purchase by the Chevron Corporation, he said. Instead, it went into interest-bearing securities.

• The 1981 tax law, which established Individual Retirement Ac-

count day by large players. Wall Street firms themselves were responsible last year for 17.5 percent of the volume on the New York Stock Exchange, up from 9 percent in 1975, and much of this trading is simply due to the firms undertaking so-called arbitrage strategies. With these strategies, the firms seek to make small profits by taking advantage of price disparities between options on stock indexes and the underlying stocks. Brokerage houses will commit millions of dollars to these programs, frequently buying the stocks and selling the options. Sharp short-term price movements occur as the stocks are bought and then sold when the position is unwound.

The problem with money managers is that they are prone to act in unison. The money management community is small in comparison with the investing public, and when managers talk to the same analysts and lunch at the same restaurants, they also buy and sell the same stocks.

The outgrowth is that swings in stock prices have trended upward

In recent years, prices have started to move more sharply, because the drop in the number of players has reduced the liquidity of the system.

counts, has encouraged people to invest in fixed-income securities, such as certificates of deposit and Treasury issues. A great advantage of an I.R.A. is that taxes are postponed on any money the investor sum earns. And because the taxes on the interest paid by these fixed-income securities are greater than those paid on stocks held more than six months, people have tried to make the most of the tax advantage by purchasing fixed-income securities. It has been estimated that only about 16 percent of the money in I.R.A.'s has gone into equities, and that includes the purchase of mutual funds.

• Some investors are skeptical that they can beat their institutional competitors. Though Wall Street firms deny it, there have been suggestions that big institutional clients are tipped off by analysts to impending changes in their expectations before the individual customer. Even if this does not happen, when an analyst changes his recommendation, the institutions, with their direct telephone lines to brokerage firms, find out almost instantly, while retail stockbrokers need time to find their clients, explain the new information and execute any decision to buy or sell. In addition, institutions often have access to more research than individuals.

Growing institutional participation in the markets has been under study for decades, and in the past, some have argued that it is nothing to fear. The theory is that institutional trading should keep stock prices hovering closer to their "correct" level. Institutions, after all, have immediate access to information affecting the markets, as well as plenty of time to study and digest it.

The reality, however, is that fundamental considerations, such as future corporate profits and the outlook for the economy are frequently not the basis for the trading that is done to-

since 1977, according to data from Standard & Poor's Research Index Services. Perhaps the best example is the International Business Machines Corporation, the most popular stock among institutions. Despite its consistent earnings record, I.B.M. has swung between \$99 and \$123.50 a share since January, a huge range for such a blue-chip company.

Money managers are not surprised by this volatility, with many blaming it on what Mr. Kroll of Hutton called "a tremendous increase in the pressure to perform." While individual investors are frequently happy to buy shares and put them away, money managers have their results measured every three months. Therefore, some critics say, these managers have become obsessed with finding winning stocks today.

A sign of this phenomenon has been an enormous increase in trading. Last Aug. 3, a record 236 million shares changed hands on the New York Stock Exchange, and Salomon Brothers Inc. estimated that 100 percent of institutional portfolios were replaced last year, compared with a turnover rate of 76 percent just two years earlier.

The Securities and Exchange Commission undertook a major study in 1971 of the institutional domination of the stock market. But in a seven-volume report, the S.E.C. concluded that there was not a problem. Now, though, with the trend continuing, there is new concern. A subcommittee of the House Committee on Energy and Commerce is investigating.

"Most investors believe that their investment doesn't count if the market is controlled by institutions," asked Representative Timothy E. Wirth, Democrat of Colorado and chairman of the subcommittee. "With that kind of concentration, it forces swings in the market that might lead the individual investor to think that his or her interest is being manipulated."

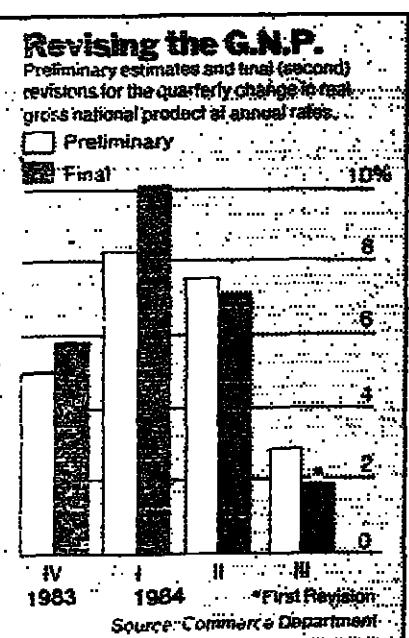
WEEK IN BUSINESS

A Big Drop in 3d-Quarter Growth

Growth in the third quarter slowed markedly to 1.9 percent, the lowest since the recession ended and a figure that analysts say brings the economy closer to a new recession. The slowdown has been steeper than most expected, as the economy continues to foil prediction attempts: the preliminary figure for the quarter had been 2.7 percent, and even pessimistic economists had expected it to be above 2 percent. Among the few who had warned of such sluggishness in the economy were advisers to Walter F. Mondale, the Democratic candidate for President. Their predictions had been dismissed as overly grim by the Reagan Administration.

Bolstering fears that the economy was heading toward negative growth was the report that new orders for durable goods fell 4.1 percent in October, after a 3.8 percent drop in September. The nonmilitary goods category dropped 11 percent, indicating that the big-ticket spending spree is over. Indeed, although personal income rose, spending fell in October.

On the bright side, consumer prices rose just four-tenths of 1 percent in October, the same rise as in September, giving fresh confirmation that



Source: Commerce Department

continued to build with the Federal Reserve's cut in the discount rate, to 8½ percent, from 9 percent. The cut, the first since December 1982, makes it cheaper for financial institutions to borrow from the Fed, and could lead indirectly to a commensurate drop in the Federal funds rate on loans be-

Credit markets responded enthusiastically to indications of easing credit. Bond prices rose sharply after the cut in the discount rate was announced. The report of a \$1.3 billion drop in the money supply was within expectations and had little effect on trading.

Stocks reversed nine sessions of declines and rallied strongly. The Dow Jones industrial average gained 18.78 points on Friday, closing at 1,220.30, up 32.36 for the week.

Air-to-ground phones were curbed. The F.C.C. said they served a limited audience, but encouraged other proposals for the service. Kodak will enter the long-distance business by offering voice and data transmission to big companies.

Tax revision plans were completed by the Treasury, and are to be sent to President Reagan late this week. They are believed to include measures to tax capital gains at an inflation-adjusted rate; a simplification of tax bracketing or tax rates; a modification of accelerated depreciation that now favor capital-intensive businesses; and an elimination or reduction of many popular deductions for individuals.

An antitrust investigation into passenger air traffic between the United States and Britain was ordered closed by President Reagan for "foreign policy reasons." The inquiry was believed to focus on charges that big American and British carriers drove cut-rate Laker Airways out of business. Attempts by the big carriers to match new discount fares have been thwarted by Britain, which said it wanted American guarantees against antitrust action. A civil antitrust suit will continue.

Adm. Hyman G. Rickover is the subject of Navy and Justice Department investigations into reports that he received gifts from military contractors when he was head of the Navy's nuclear propulsion program.

United Technologies cleared its chairman, Harry J. Gray, of charges that he bugged the home and office of the company's former president, Robert Carlson. Mr. Carlson resigned in September under pressure from Mr. Gray and the board.

Subsidiaries of state-chartered banks will be allowed to underwrite securities under a new F.D.I.C. rule. The units cannot use the banks' name, however. The new rule, which

The New York Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED NOVEMBER 23, 1984

(Consolidated)

Company	Sales	Last	Net Chg
IBM	4,527,100	122%	+ 1%
Baxt Tr	4,123,100	13	- 1/4
Chryslr	3,341,200	28%	+ 1/4
Hewl Pk	3,162,800	33%	+ 1/4
Amp Exp	2,736,100	37%	+ 2%
Sears	2,736,100	32%	+ 2%
Dom Rs	2,725,900	27%	+ 1/4
Ford M	2,687,800	46%	+ 1%
Exxon	2,641,200	43%	+ 3%
AMR	2,608,900	33%	+ 3%
Int Harv	2,602,300	8%	+ 1/4
AT&T	2,564,700	18%	+ 1/4
Phlbr S	2,475,200	32%	+ 1%
Motrla	2,451,800	32%	- 1%
G Mot	2,313,500	77%	+ 2%

MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
1,140	796	2,256	76	62

VOLUME

Total Sales	Last Week	Year To Date
308,519,180	20,878,852,743	381,191,605

WEEK'S MARKET AVERAGES

High	Low	Last Change
122.0	121.0	+0.8

Standard & Poor's

400 Indust	187.0	183.0	187.0	+2.92
20 Transp	137.9	133.8	137.9	+3.18
40 Util	74.4	72.5	74.4	+1.93
40 Financial	162.2	158.2	162.2	+4.05
500 Stocks	166.9	163.0	166.9	+2.82

Dow Jones

30 Indust	1224.4	1180.7	1220.3	+32.36
20 Transp	534.3	513.3	532.9	+18.77
15 Util	146.2	142.0	145.7	+1.95
65 Comb	485.6	468.4	484.1	+2.46

The American Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED NOV. 23, 1984

(Consolidated)

Company	Sales	Last	Net Chg
TIE	2,456,900	6%	- 1/4
Wang B	930,100	27%	+ 1/2
DataPd	787,000	14%	- 1/4
Dome P	709,900	115/16	+ 1/4
Unimr	545,100	10%	+ 1/4
PrenH	529,300	71%	- 1/2
BAT	451,700	3-7/16	- 1/4
AM Intl	444,700	2%	...
EchoB	301,200	10%	+ 1/4
ChmpH	286,000	3%	+ 1/4

MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
322	412	891	16	81

The New York Times

Founded in 1851

ADOLPH S. OCHS, Publisher 1896-1935
ARTHUR HAYS SULZBERGER, Publisher 1935-1951
ORVILLE DRYFOOS, Publisher 1961-1983

ARTHUR OCHS SULZBERGER, Publisher
A. M. ROSENTHAL, Executive Editor
SEYMOUR T. LIPP, Managing Editor
ARTHUR GELB, Deputy Managing Editor
JAMES L. GREENFIELD, Assistant Managing Editor
LOUIS SILVERSTEIN, Assistant Managing Editor
MAX FRANKEL, Editorial Page Editor
JACK ROSENTHAL, Deputy Editorial Page Editor
CHARLOTTE CURTIS, Associate Editor
TOM WICKER, Associate Editor
JOHN D. POMFRET, Exec. V.P., General Manager
RUSSELL T. LEWIS, Sr. V.P., Circulation
LANCE R. PRIMIS, Sr. V.P., Advertising
J. A. RIGGS JR., Sr. V.P., Operations
HOWARD BISHOP, V.P., Employee Relations
JOHN M. O'BRIEN, V.P., Controller
ELISE J. ROSS, V.P., Systems

No Recovery for the Neediest

As New York City prepares for the holiday season of feasting and good cheer, the plight of its homeless grows worse. The weather turns cold, and people with nowhere else to go flood into city shelters in record numbers. Children of homeless families, hoping for places in crowded hotels, end up spending the night on welfare office floors. Any thoughts of 10-speed bicycles or Cabbage Patch dolls are pushed aside by needs of basic survival — a warm room, a decent meal, a comfortable bed.

Nor are the homeless the only discordant elements in the general environment of economic recovery and affluence. The unemployed, the poor, the ill, all look forward to the holiday season with despair. Those grown old in loneliness feel the cold breath of their lives', and the season's, winter.

Yet they are not beyond help, and those who are more fortunate are not beyond helping. Loneliness, pain, hunger and cold cry out for more than sympathy. One way to provide tangible help is to join the

thousands who care enough, year after year, to make a contribution to The New York Times Neediest Cases Fund.

The Fund, which opens its 73d appeal today, was created in 1912 as the Hundred Neediest Cases Fund. Today it extends to many more than 100 cases. Nor is it any longer limited to the holiday season. Its funds serve people of all ages in all five boroughs, and throughout the year.

As always, the Fund will pass on every dollar to the neediest via eight private social service agencies. None of the money is kept back for administrative costs or solicitation.

Donations are deductible for income tax and estate purposes. They may be made anonymously, in the name of the donor or in someone's memory. Any amount is welcome. Checks should be made payable to The New York Times Neediest Cases Fund and mailed to Post Office Box 5193, General Post Office, New York, N.Y. 10087.

Arming for Arms Control

If words mean anything, President Reagan's clearest new mandate is to seek an arms control agreement with the Soviet Union. And if new signs of Soviet interest are genuine, Mr. Reagan and Secretary of State Shultz are now well positioned to pursue the quest. But their desire for agreement does not yet equip them to achieve it. Besides finally engaging the Russians in a serious way, they need finally to discipline their own ranks.

The first Reagan term proved how easy it is to stage arms control negotiations that run no risk of reaching agreement. The American people plainly voted for a more genuine and persistent effort this time around. And they did so without assuming that compromise had to come only from the American side.

Where is the proof of this public opinion? Most reliably, in the conduct and promises of the President throughout 1984. Even if Mr. Reagan's more respectful tone toward the Kremlin had been only campaign talk, it acknowledged that the voters wanted something more than the hostility and diplomatic confusion of his first three years.

Leading up to his meeting with Foreign Minister Gromyko, the President clearly went beyond electioneering. He virtually conceded an initial reluctance to negotiate, out of fear that Congress would not pass his big military budgets. But now, he said, he was ready to make arms control his first priority. He sounded even more eager for it than Mr. Mondale and reaffirmed the commitment after the votes were counted.

The mandate is undeniable even if the first three Reagan years are seen as a success — a shrewd campaign to soften up the Soviet leaders, to show them how expensive and dangerous an unrestrained arms race would be. As it turned out, the burden was also great for the American economy,

and America's alleged vulnerability to a Soviet nuclear attack is no less now than it was four years ago. But either way, the voters' mandate is plain.

Finally plain, however, is the evidence that key members of the Reagan team are not reconciled to it. Centered at the Pentagon and Arms Control Agency, these officials remain convinced that past agreements were damaging to American security. Instead of parity, they would offer the Kremlin only agreements that produce a clear advantage for the United States. That failing, they prefer an all-out weapons race.

The opposing view, most often heard at the National Security Council and State Department, is that past agreements, for all their inadequacy, enhanced security and restrained the Soviet forces at least as much as America's. They also created a process for adding new restraints. Although technology outran this diplomacy, it would have run much further without it.

Assuming that President Reagan now shares this second view, he has still to prove that he can impose it on a bitterly divided Administration. Secretary Shultz has made himself the principal negotiator with Mr. Gromyko. But that still leaves a great deal of room for bureaucratic sabotage by those who know how to exploit the intricacies of weapon design and the difficulties of verifying observance of any agreement.

No reliable test of Soviet attitudes and terms is likely until the President and Mr. Shultz shake up their own negotiating team. It needs to be led by experts who share their commitment and are given the authority to speak for the President not only to Moscow but to the plainly reluctant but influential officials all over Washington.

Radio Cabs Needn't Be Yellow

It's 5 P.M. on a weekday in midtown Manhattan, and though dozens of cabs with empty back seats are in sight, none are for hire. Every one is lit with a blinking sign, "On radio call."

A familiar tale? Some 2,000 taxis — about 1 in 6 — belong to radio groups, which permit them to charge a premium over the price on the meter. But that service could be provided equally well by other cars, freeing the yellow "medallion" taxis for street hails. For the last two years New York has encouraged medallion taxis to remove their radios. It's time for the Taxi and Limousine Commission to order them removed.

Ideally, the pattern of taxi service would be determined by market forces. But New York City froze the number of taxi licenses almost a half-century ago, leaving a chronic shortage of cars that may pick up fares without advance reservation.

City Hall plainly has lacked the political will to reform this system of artificial scarcity, which

benefits only taxi license owners. But it has coaxed some medallion owners to give up radio service by allowing them to integrate non-medallion cabs into their radio networks. Now those who call for a premium-priced taxi may be greeted by a clean, non-medallion car, with air conditioning and shock absorbers in working order.

But the transfer of radios from licensed taxis to other cars has slowed to a trickle in recent months. Owners of the surviving 2,000 radio taxis apparently find it more lucrative to work both sides of the street, responding to radio calls at rush hour and cruising for fares at less busy times.

The Taxi and Limousine Commission has the authority to order these taxis to remove their radios, thus increasing the number available for street hail service. That wouldn't inconvenience the radio taxi users, who've found there is no special value to the color yellow. If the regulators want to serve consumers, they can do it in a stroke, today.

Topics

Trial, Balloons

Freed in Athens

Both a reputable journalist and Greek journalist gained when Greece's Supreme Court overturned a one-year jail sentence against Paul Anastasiades. He was accused of criminally libeling Greece's best-selling newspaper, *Ethnos*, in a 1983 book asserting that it carried propaganda concocted by the Soviet K.G.B.

Mr. Anastasiades is a part-time correspondent of The New York Times under the byline Paul Anastasi. His book was banned, and he was fined and sentenced to prison.

The Supreme Court threw out the sentence on narrow, procedural grounds, and ordered a retrial of libel charges. But retrial is unlikely before the year's end, when a statute of limitations will prevent it. That the ruling was technical hardly lessens its im-

portance in a country whose Socialist Prime Minister, Andreas Papandreu, has muddled the distinction between the legal standards of East and West.

Such a ruling is inconceivable, for example, in Poland, whose military tyranny is praised by *Ethnos* — and, to his shame, by Mr. Papandreu. The decision makes clear the difference between Greek democracy and its Eastern counterfeit.

Afloat in New York

Macy's first marched its Thanksgiving Day parade down Broadway in 1924 as a holiday event to engage its "family" of employees. The kinship now extends to millions who watch along the parade route or on television across the country.

In 1924, according to The Times, Santa arrived at Macy's newly expanded Herald Square store "with a retinue of clowns, freaks, animals and floats." Today's star attractions are the giant balloons that first appeared in 1927 when an air-filled Felix the Cat rode on a float. This year's feline was a helium-filled Garfield, awesome, but inanimate.

The real life is down on the street. Squads of handlers, all from Macy's, scurry about to keep their monsters in tow past buildings, trees and unpredictable air currents. A dozen high school bands that have won out against dozens of others nationwide keep the parade moving. Floats carry along Cabbage Patch dolls, the gang from Hill Street Blues, Placido Domingo atop a big red apple.

Macy's won't say how much it all costs. So let's just say it's priceless.

Letters

Must We Shoot Society's Losers?

To the Editor:

Your Nov. 2 editorial ("Then, After the Killing . . .") concerning the fatal eviction of Mrs. Eleanor Bumpurs, a New York City Housing Authority tenant, raised important issues concerning the sensitivity with which our law-enforcement institutions handle such situations.

We commend you for suggesting that more thoughtful, sympathetic procedures should be developed to avoid adding still "more unstable people to the city's growing homeless population." Certainly, it is not cost effective to add another bed to a public shelter at \$29 a night when this woman was already sheltered at city expense for \$2.98 a night (\$89.44 monthly rent) in her own home! Not to mention humane.

However, in view of the alarming increase in homelessness now occurring in New York and of the hundreds of thousands of middle- and low-income tenants barely winning the struggle to hang onto their homes, an essential vein of questions raised by this savage episode must be addressed.

Should a human being who cannot pay his or her rent be ordered, forcibly or not, from his or her home? Is eviction from one's home an appropriate response to that person's economic failure? Should we continue to inflict homelessness, and the malnutrition and sickness that accompany it, upon those of us who fail to succeed in the financial arena?

To go a step farther, is the economic arena we have devised to organize our society so odious that we need dire consequences to insure that it won't be avoided? If masses of people would indeed shun the economic thrall encompassing our society un-

less pain of suffering and death are promised for doing so, isn't it appropriate to rethink at least some aspects of our social organization?

There is something profoundly wrong with a system that legally allows an armed force to break down the door, invade someone's home and throw that person into the street at gunpoint — for money. This is precisely what our eviction laws permit.

Resisting being torn from her shelter, Mrs. Bumpurs' naked terror at the siege of her sanctuary shames us into facing at this late date how inextricably shelter and survival are bound; how instinctively we feel their connection. So basic a need must be recognized by all as a right and so reflected in our laws. We must find solutions other than eviction — the stripping away of one's home — for economic hardship.

We have already decided (at least, in law) that racial, religious, ethnic and gender discrimination are not tolerable. Only until we reject that last bastion of cruelty and incivility, economic discrimination, and then actually practice what we have codified, will we be able to call our human species civilized. Until then, we will continue to mortgage our lives to buy the fictitious security that weapons provide, leaving our priorities in the miserable state where warheads and profits precede housing and human compassion.

FRED GREISBACH
ADRIENNE LEBAN
JANE BENEDICT, WILLIAM ROWEN
New York, Nov. 7, 1984

The writers represent, respectively, the Coalition for the Homeless, Lower Manhattan Loft Tenants, the Metropolitan Council on Housing and the New York State Tenant and Neighborhood Coalition.

How Mrs. Roosevelt Advanced Feminism

To the Editor:

"Assessing Eleanor Roosevelt as a Feminist" (Style page, Nov. 5) failed to cover an important chapter in her life. Mrs. Roosevelt's last two years (1961-62) were as hectic and productive as any she lived — the years she served as chairman of President Kennedy's Commission on the Status of Women. It was my privilege, as a member of the commission representing the Secretary of Commerce, to observe her leadership.

Under her guidance, the commission identified the problems and issues that soon became the agenda of the women's movement. The final report laid out the blueprint for action. Commissions modeled on the national one were soon created in every state. Federal equal-pay legislation got its final boost as a result of the commission's work. Fairer treatment of women employed in Federal and local government was an early success.

But there was one supremely important and successful effort sparked by Mrs. Roosevelt, the results of which cannot be overstated: the efforts to get institutions of higher education to attract greater numbers of women. Today, only 20 years later, we take for granted the vast increase in women lawyers, doctors and engineers (yes, even astronauts), but then there were few top-drawer graduate schools available to women.

Eleanor Roosevelt applied her commitment to liberating all people from discrimination to the women of her own country — and did a tremendous job in opening America's eyes and ears.

HYMAN BOOKBINDER
Washington, Nov. 6, 1984
The writer represents the American Jewish Committee in Washington.

Higher Education As Lower Education

To the Editor:

Edward T. Foote 2d, the writer of "College Is Big Business" (Op-Ed, Nov. 13) is correct, although too gentle in his conclusion that "pure" research should not be paid for by industry. But he is quite wrong in his historical analysis of what happened to higher education in our country.

As long ago as 1912, George Santayana resigned from Harvard as professor of philosophy, mainly because he believed that industry was calling the tune and that true education had become impossible in the U.S. For three generations, higher education has been declining into lower education. The decline accelerated in the 1960-70's uprisings.

For decades we have substituted job training for education, while university presidents made pious noises about experimenting, creating and dreaming. What business, after all, has a school of business in a true university? Classically, the purpose of a university was to teach students how to think, not how to get rich by age 40.

It is scandalous that we graduate multitudes who cannot read prose of any complexity and certainly cannot write it. We must look beyond adjustments in financing higher education to the first task of bringing it back from the dead.

JOHN O. MCCORMICK
New Brunswick, N.J., Nov. 14, 1984
The writer is professor of comparative literature, Rutgers University.

The Unquantifiable Value of Housewifery

To the Editor:

I found your Nov. 14 editorial "Get Serious About Work at Home" to be thought-provoking, particularly in its disregard of housewifery, one of the oldest forms of domestic labor.

Indeed, few but reflective feminists



have recognized that, in the work of housewives, "unsupervised working conditions could turn out to be damaging to workers' health." Many housewives work as much as 16 hours a day, and many of those who work in the labor market outside the home work additionally, unpaid, at home. Besides their housework, many women also care for children at home. This is all health-consuming work.

You state that "work in isolation may affect society in regrettable ways." Society's perceptions with regard to the work of the housewife have always been markedly different. Her isolation has been regarded by many as a remarkable opportunity for her to throw herself wholeheartedly into homemaking and child rearing.

Little serious consideration has been given to cases of alcoholism and other addictions resulting from the loneliness, drudgery and monotony of this, the only surviving form of labor that is not only unpaid, but against the conditions of which people do not strike.

The dismal position of housewives is further compounded by the fact that the product of housewives' labor is not computed in the gross national product, since it has been regarded as being difficult to quantify, notwithstanding housewives' vital role in reproducing and nurturing children, one of the potential factors of economic production.

Further, the comfort and emotional support the housewife affords her husband serves to improve his productivity in the economy. That the product of her labor is not a tangible entity, like knitwear, may make it unquantifiable, but no less deserving of consideration in an editorial that attempts to "get serious about work at home."

BRENDA V. DOHARRIS
New York, Nov. 15, 1984

Pension Aside, Civil Service Is a Bad Deal

To the Editor:

With all due respect to L. J. Andolsek ("Grace Commission 'Findings' on Civil Service Retirement Do Not Wash," letter, Oct. 22) and J. Peter Grace ("A Very Generous Benefit Package for Retired Civil Servants," letter, Nov. 16), their comments on the Civil Service retirement system serve only to confuse the public.

Both seem to be using statistics selectively to bolster their viewpoints. I'm a personnel specialist with the Federal Government, and I can't figure out who's right.

The Civil Service retirement system should be viewed as part of the larger Federal compensation and benefits package. On the whole, the Government does not overcompensate employees. If the retirement program is generous, it's more than offset by generally lower salaries and shortfalls in other areas.

I'm confident that almost every other major employer — including W. R. Grace — has more to offer employees than Uncle Sam. Probably the only thing that keeps many of us on the job is the investment we have in a pension. Aside from that, a Civil Service career is a bad deal and getting worse. Taking the one good thing we have would leave precious little as an inducement to public service.

I am worried by the growing unattractiveness of Civil Service to bright young people and the long-range implications.

VICTOR COMMISSO
Brooklyn, Nov. 16, 1984

The 'Soviet Princess'

To the Editor:

In regard to "Why Svetlana Went Home" (Week in Review, Nov. 18), I suggest she went back to the Soviet Union for a reason she could not state.

Next year, the Russians will celebrate the 40th anniversary of the end of World War II, the greatest victory in their history. They will honor Stalin, whatever his crimes, for his role in it.

To contemplate the sunset glory from afar, from a dreary English flat, was probably too much for the "Soviet Princess." At 60, as one last fling, she might be allowed to bask in it. The price was easy: denounce the United States.

MARTIN PUNDEFF
Northridge, Calif., Nov. 18, 1984
The writer is professor of Russian history, California State University.

Primaries, Fast Tracks and Other Places Where Yuppies Play

To the Editor:

Demographically, I confess that I'm a yuppie, and I agree with Gordon Rayfield and Julian Baim ("Don't Take Yuppies for Granted," Op-Ed, Nov. 16). But don't take it for granted that they speak for us with their explanations of why so many yuppies voted for Ronald Reagan after supporting Gary Hart in the primaries.

The primaries are as much playtime for people in ideological transition as they are the arena for special interests. You can play by supporting Gary Hart's new ideas without being able to cite any, or for George McGovern's proposals for reductions in the military budget without having to contemplate the real threat in Europe.

And then after your candidate is defeated, you can turn to the President in the general election, supporting him in part so that he and the Repub-

licans "can get the blame" when their economic house of cards comes tumbling down.

Nonsense. I suspect that most yuppies for Reagan, after their nostalgic flirtation with 1960's politics in the 1984 primaries, voted as they did in the general election because the Administration in fact more accurately reflects their new economic and ideological interests than these yuppies are comfortable admitting.

I expect to find them, next time, registered as Republicans so they can play in the Republican primaries of 1988.

L. STEVEN ZWERLING
New York, Nov. 16, 1984

To the Editor:

Hooray! Hooray! I finally found out who the yuppies are. They are Gordon Rayfield and Julian Baim. Gordon and Julian work in New York City and surely drive fast cars and are on a fast track otherwise. They really know what is going on and it is truly exciting to read about it all.

I do hope The Times will keep its readers in touch with Gordon and Julian and let us know when they are having their yuppie convention, and how to keep up with yuppie teachings (as long as these last). Bon voyage, all!

JOHN F. HUGHES
Alexandria, Va., Nov. 16, 1984

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IN THE NATION
Tom WickerA Party
Of
Access?

Like many another concerned Democrat, Lieut. Gov. Michael Daniel of South Carolina has offered his party a prescription. Speaking recently in Greenville County, he suggested: "We must correct our deficiencies without forgetting our purpose or selling our soul."

Some other Democrats would rather say that the party must "change its message." Either way, one of the Democrats' principal concerns is racial. Their party has been steadily losing support among white voters and, in the South and some cities, is in danger of becoming mostly a black, hence a minority, party.

But neither Mr. Daniel nor most other Democrats can or will say just how, on this subject, the party should correct its deficiency or change its message. Bert Lance, the Georgia chairman, has said repeatedly, for example, that the Democrats must stop going "in the opposite direction" from the voters. But which voters does he mean?

The blacks, who gave Walter Mondale overwhelming support? No, Mr. Lance obviously means white voters, who cast a solid majority of their votes for Ronald Reagan, and for every other Republican Presidential candidate back to Richard Nixon. But how can the Democratic Party maintain the general support of blacks, both a political and an ethical necessity, and at the same time appeal to whites strongly enough to win them back from conservative Republicanism?

Both parties already claim to promote economic growth. Democratic social programs aid more whites than blacks. And those who glibly protest that "they shouldn't have given Jesse Jackson everything he wanted" ignore the fact that Mr. Jackson did not come away from the San Francisco convention with the massive jobs program he demanded in the platform, or a major place in the Mondale campaign, or anything much except a speech in prime time.

In fact, while white voters certainly were influenced by their perception that the Democrats were "pandering" to black voters, they were also hearing the appeals of Ronald Rea-

Identity
crisis
for the
Democrats

gan and right-wing Republicans to their latent racial attitudes. What was Mr. Reagan up to in Georgia when he proclaimed that "the South will rise again"? In their hearts, Southerners know. And whose Administration tried to grant tax exemption to segregated schools and to abandon affirmative action, while only reluctantly supporting renewal of the Voting Rights Act?

This poses a deeper dilemma for the Democrats than merely changing their message, which implies new slogans rather than new policies. New slogans will not deceive many of those whites who think they see the real thing in Mr. Reagan and the Republicans and who believe, however subconsciously, that they are causing a sort of symbolic South to rise again, everywhere. But new policies, actually moving the Democratic Party away from its modern tradition of including and encouraging minorities, would risk — in Mr. Daniel's words — forgetting its purpose and selling its soul.

It may be that in their openness to minorities and to all sorts of ethnic, economic, social and cultural interests, the Democrats have become — and will remain for the foreseeable future — a party of access in which the voiceless find a voice; at the same time, within their narrower range of interests and appeal, the Republicans usually will be able to maintain enough coherence and unity to make themselves a party of government.

That would not be a mean role for the Democrats and it might be a historical necessity for the country — a political party in which a variety of interests can make themselves felt, and whose legitimate pressures ultimately can be transmitted outward to the other party, and to government. A party of access could continue to win state, local and Congressional offices, but would have great difficulty in reconciling that same variety of interests into the sort of unified national force needed to win the Presidency, or to govern after winning it.

Such a party probably could gain the White House only after a Republican disaster — as in 1976, following Watergate. Even then, it might well lack the internal cohesion to govern decisively — as indeed was the case in the Carter Administration — and be able to hold power for only one term. Thus, if a second Reagan term should be a disaster of recession and world tension, the Democrats might win by default in 1988, only to lose in 1992 after a failing Administration of their own.

That's not a happy outlook for those Democrats who think power is pri-

By Edward Zuckerman

All of those currently debating whether a nuclear war would be followed by a catastrophic "nuclear winter" agree on one thing — that their scientific conclusions have important political consequences. And they are happy to point them out. Nuclear winter presents "a real danger of the extinction of humanity," Carl Sagan has written in the journal *Foreign Affairs*. Therefore, we must move "as rapidly as possible to reduce the global nuclear arsenals below levels that could conceivably cause the kind of climatic catastrophe and cascading biological devastation predicted by the new studies."

Edward Teller, writing in *Nature* magazine, agrees that "scientific knowledge of the after-effects of a nuclear war... is of great importance in making political decisions." But he urges caution in rushing to act on the basis of the nuclear winter studies; his own evaluation finds those studies so full of "omissions and uncertainties" that the prospect of nuclear winter "must be considered dubious."

What we are witnessing here is a political argument in the guise of a scientific argument. In an article about nuclear winter in *Parade* last year, Mr. Sagan warned again of human extinction — and provided readers with the addresses of organizations working for a nuclear freeze. (The *Parade* article omitted most of the qualifying statements included in the scholarly paper upon which it was based.)

Mr. Teller, who wrote an article for *Reader's Digest* in 1982 debunking what he called the "dangerous myth" that a nuclear war "would end life on earth," has for decades supported the development of new nuclear weapons, supported civil defense and actively opposed nuclear arms control agreements.

This pattern is an old one. Ever since the bombing of Hiroshima, scientists and others have put forward mechanisms by which nuclear explosions might bring about the end of the world. The poisoning of all life

Edward Zuckerman is author of "The Day After World War III," which details the Government's plans for surviving a nuclear war.

The End-of-the-World Scenarios

By Edward Zuckerman

by radioactive fallout and the depletion of the earth's protective ozone layer have preceded nuclear winter among the end-of-the-world scenarios. Other scientists (usually including Mr. Teller) have leaped up to rebut each of these forecasts. A 1979 report co-authored by Jack C. Greene, the former director of post-attack research for the Federal Defense Civil Preparedness Agency, concluded that no probable nuclear war "could induce gross changes in the balance of nature" as great as those already wrought by human civilization, such as tilling the prairies, irrigating deserts and "even preventing forest fires."

All of those participating in the end-of-the-world debates have access to precisely the same scientific evidence. The evidence is necessarily inconclusive. No one can know what the long-term, worldwide effects of a massive nuclear war would be. Yet the end-of-the-world camp and the life-will-go-on camp volley back and forth, citing one inconclusive study against another.

These differing interpretations of identical evidence may be explained by the fact that someone with a strong

opinion about the likelihood of post-attack ozone depletion, say, will usually have an equally strong opinion about the MX missile. Those preaching the dangers of ozone depletion are attempting to win converts not only to their theories of exo-atmospheric chemistry but also to their views about strategic doctrine and deterrence.

Those who minimize the effects of nuclear war tend to have opposite views. "The decision to resist aggression by nuclear war requires a diplomacy which seeks to break down the atmosphere of special horror which now surrounds the use of nuclear weapons, an atmosphere which has been created in part by skillful Soviet 'ban-the-bomb' propaganda," Henry A. Kissinger wrote in 1957. Similar views are expressed today.

Politics thus run steadily beneath the surface of every debate about the effects of nuclear weapons, and it is here, in their politics, that the doom-sayers are steadily correct. All who oppose the nuclear arms race are doing important work. But those who oppose it by asserting that any nuclear war would be the end of the world are resting their argument, un-

necessarily, on shaky ground. There is no need to hold to debatable — and thus distracting — predictions of total doom to make a convincing case against nuclear war and against the policies of the Reagan Administration and its predecessors that have made nuclear war more likely.

For what if the debunkers of doomsday were somehow shown to be correct? What if we knew for a fact that the most wildly optimistic estimate of the effects of nuclear war (that of Federal civil defense authorities) was accurate, and just 45 million Americans would be vaporized or burned to death or buried under collapsed buildings or slashed by flying glass or condemned to a horrible lingering death from radiation sickness? And only 20 or 30 million more would suffer sublethal radiation sickness or broken bones or disfiguring burns or other injuries? And only a few million of those who survived the war would die of cancer later? But the world would not end. And life would be nearly normal in Uruguay and New Zealand.

Would nuclear war be acceptable then? Would there be any less need to rein in the arms race? □

WASHINGTON
James RestonBack
To
Geneva

WASHINGTON
The first serious test of President Reagan's effort to preside over an effective bipartisan foreign policy in his second term will come when he picks the people who will go back to Geneva to talk to the Russians about the control of nuclear weapons.

There's no great hurry about this. Secretary of State Shultz and the Soviet Foreign Minister, Andrei Gromyko, are going to meet in Switzerland for a couple of days in January, merely to talk about what to talk about and where.

But later, President Reagan will have to decide whether he wants his Administration to go it alone with the Russians or get the Democrats involved in what promises to be a long, difficult and dangerous series of negotiations.

In accordance with the election returns, Mr. Reagan can do anything he likes, and in accord with history, he can choose to follow the examples of either President Woodrow Wilson or President Harry Truman.

After the First World War, President Wilson almost destroyed the League of Nations by allowing U.S. participation to become a partisan issue with the Republicans, and wrecked his own health in the process.

Roosevelt and Truman took a different view after the Second World War. They brought the leaders of the Republican Party — at that time Gov. Tom Dewey and John Foster Dulles of New York — into the negotiations that led to the formation of the United Nations.

This experiment in bipartisan foreign policy at the end of the last world war worked fairly well. Secretary of State Shultz has been impressed by it, but whether President Reagan wants to leave the issue of arms control to his own people who do not agree about how to approach the Russians, or whether he wants to bring the Democrats into the negotiations as observers, is not yet quite clear.

The Democrats in Congress, nursing their wounds from the election, are not sure that they want to cooper-

For a
bipartisan
approach to
arms talks

ate with the President on either foreign or economic policies. Speaker Tip O'Neill in the House is in no mood to compromise on the budget; Mr. Reagan has stated his policy, Tip says, and the voters have supported him. So let them deal with the consequences of their deficits and defeats. In the Speaker's mind, at the end of 1985, the winners in the election of 1984 will envy the losers.

But foreign policy is a different thing, and now that the President has won and is trying to talk seriously to the Russians about arms control, at least some of the leaders of the Democratic Party want to help if they can and if they're asked.

That, of course, is up to the President and the Secretary of State. If Mr. Reagan really wants a bipartisan foreign policy, there are experienced Democrats beyond political ambition who would help, maybe be even more helpful than Jesse Helms of North Carolina if he becomes chairman of the Senate Foreign Relations Committee.

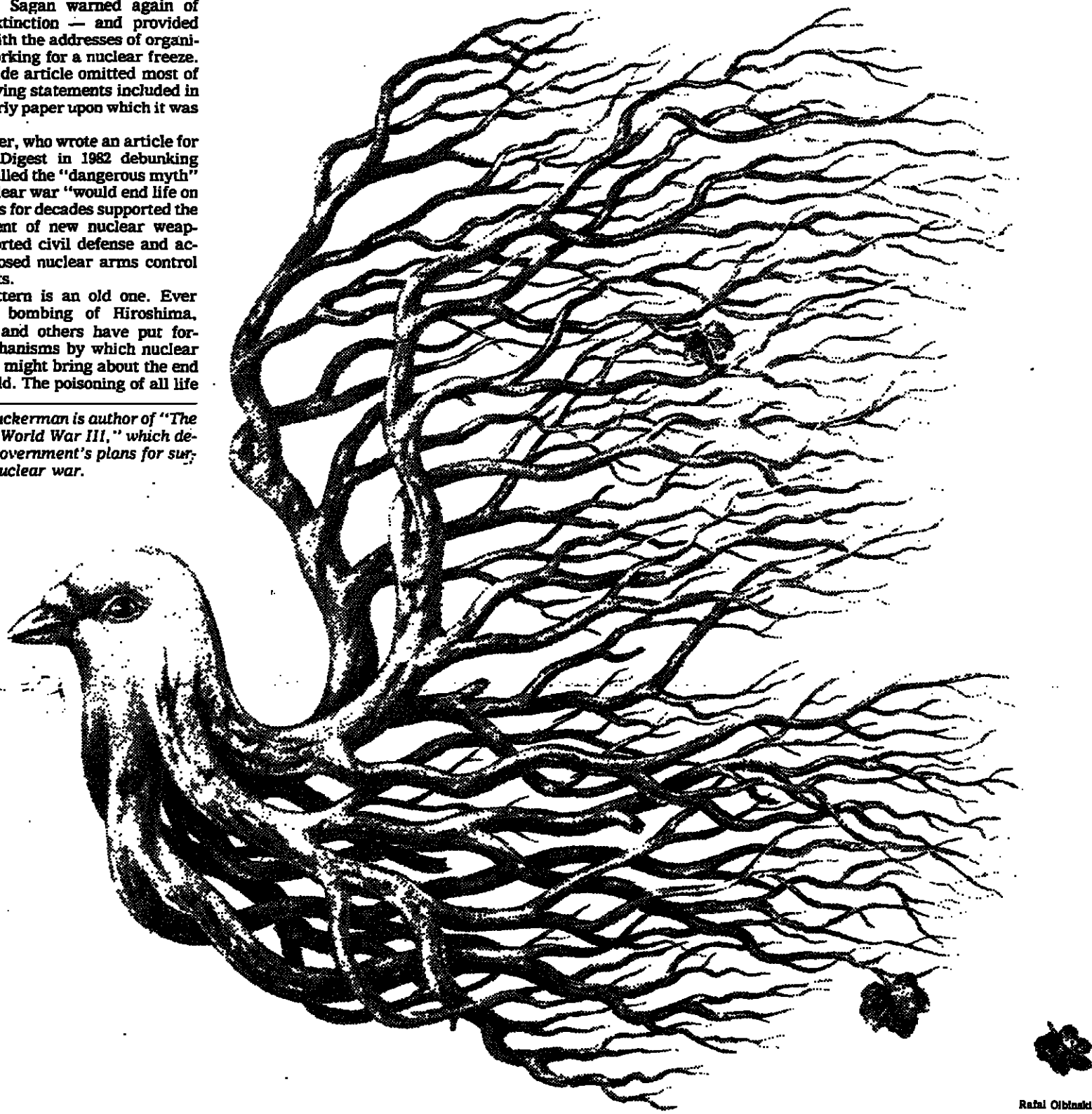
For example, the last two Democratic Secretaries of State, Cyrus Vance of New York, who has devoted most of his life to diplomatic negotiations in the service of his country, and Edmund Muskie of Maine, who knows the puzzles of the Senate and foreign policy, are surely available.

They would come running to help the President even as observers in the coming nuclear negotiations if invited, especially if they were asked to go to Geneva, which remains a symbol of the possibility of peace among the nations.

In November of 1927, Maxim Litvinov, who preceded Mr. Gromyko as the Soviet Ambassador in Washington and Foreign Minister of the U.S.S.R., went to Geneva to propose that the nations of the world agree to the abolition of all weapons of destruction. That is not a typographical error — all weapons; Mr. Litvinov insisted on the possibility of "total disarmament."

He invented the phrase that "peace is indivisible," now a cliché, and like Woodrow Wilson, said that world peace was attainable only by the common action of the major responsible powers. This is precisely what Secretary of State Shultz is going to Geneva in January to say, and what the NATO allies have been saying for a long time.

But it cannot be done in Washington by one party alone. President Reagan has defeated the Democrats in the election, yet he needs their help on both domestic and foreign policy. The



Rafael Obblin

Charting a Course Toward 1988

By W. W. Rostow

AUSTIN, Tex. — As the dust settles in the wake of the Presidential election, there will be a great deal of self-analysis among Democrats and, increasingly, among Republicans as they also begin to chart a course toward 1988. In this phase of re-examination, American political life is not alone. Having spent the first half of 1984 in Europe, I can attest that the search for new political directions is endemic throughout the Atlantic world.

The reason is simple enough. An old, familiar political agenda has run its course, but we have not come to a consensus on a new agenda.

For just about a century — from Bismarck's first social legislation in 1883, the emergence of the Populists and Progressives in the United States, the Fabians and Labor Party in Britain — domestic politics in the democracies of the advanced industrial world has centered on one grand question: how can we build societies that reconcile efficiency in a world of rapidly evolving technologies with the humane values in which Western culture is rooted?

Decade after decade, debate and struggle proceeded within what was seen as a zero-sum game that allocated resources between welfare and private consumption and investment, and between the less affluent and more affluent. When the total pie available for division was expanding, the more affluent accepted, gracefully or otherwise, the legitimacy of the humanizing process that reached

a remarkable apogee between 1960 and 1980. Social outlays rose in seven major Western industrial countries from 14 percent to 24 percent of gross domestic product — a truly revolutionary shift.

Since about 1975, it has come to be widely appreciated in the Atlantic world that a limit to social outlays has been reached or exceeded and that the central problems of our societies lie elsewhere. Without solving those problems, it is becoming apparent that the social and physical infrastructures of the advanced industrial countries will erode. And that is, indeed, happening.

But as our Presidential campaign of 1984 demonstrated, this diffuse awareness of a sea change in the political agenda has not yet been translated into a lucid definition of issues and choices. With the exception of the Federal deficit, the campaign was fought with rhetoric on both sides that would have been recognizable in every election back to 1932 — if not to 1896: for example, the danger of excessive government as against the claims of equity and human decency.

In short, we are caught up in a transition in which lagging political rhetoric and concepts fail to match the problems and challenges ahead. In coming years, the political process in America must confront several key domestic problems.

In the short run, how do we avoid triggering a grave domestic and international crisis as we work our way out of four interlocked, pathological situations? They are: excessively high real interest rates; an over-

City was run under Mayor John V. Lindsay — that is, by meeting our short-run requirements by borrowing at home (and abroad) on an unprecedented scale. As a nation, our credit is a bit better than New York's. But we have not permanently repealed the fundamental laws of economics. We have been living beyond our means, and a day of reckoning is on its way.

In the longer run, how do we recon- cile rapid growth and low unemployment with firm control over inflation? An unemployment rate of 7 percent-plus at the peak of a cyclical expansion simply will not do. Rapid

Cooperate
to expand
the pie

growth and low unemployment are fundamental to maintaining the viability of Social Security, eliminating the Federal deficit, rebuilding the nation's physical plant and bringing black unemployment down sharply from its present corrosive level of about 15 percent.

In the longer run, how do we assure the wise and efficient generation and absorption of new technologies, including their application to the old hard-pressed basic industries? Our answer to this question will largely determine our real income at home and our viability on the world

riding political message. None of the major problems we now confront is solvable unless we work together as a community. Our task is no longer to argue about the right division of an automatically expanding pie but to assure by common action that the pie continues to expand and that we maintain our viability in an increasingly competitive world.

Business, labor and government will have to cooperate in new ways if we are to bring the nation's books into balance without dangerous crises and if we are to achieve such firm control over inflation that we can safely drive unemployment down to 4 percent, which would cut the Federal deficit in half.

Debate will, of course, continue, but we can no longer safely treat domestic politics as a zero-sum game.

Given the apparent temper of national politics and political rhetoric, it may appear utopian to hold up a vision of national consensus and of cooperation among business, labor, government and the two major political parties. But, on the state and local levels, such cooperation goes on every day; for example, in developing the 50 or so "high-tech highways" that now dot the nation, linking research universities and the private sector in new and promising patterns. It was only by such cooperation that New York City avoided bankruptcy, the centers of many of our cities were reconstructed and we put a man on the moon and brought him back.

Now and over the next generation, we will solve our major problems only if the nation's old and still vital capacity for communal cooperation

In the Russia of Peter the Great

By SERGE SCHMEMANN

SUZDAL, U.S.S.R.
It could be the daydream of a die-hard right-winger: Soviet soldiers in bright red tunics, bankrolled by an American conglomerate, stream across the Moscow River and seize the Kremlin.

It actually happened last week in this jewel of an ancient Russian town. The Kremlin was really the walled, 14th-century Spaso-Yevfimievskiy monastery, one of its towers transformed for the occasion into a facsimile of Moscow's Spassky Gate. The bankroller was NBC Television and the soldiers — real Soviet soldiers — were decked out as Streltsy, the old Russian militia whose periodic rebellions played a formative role in the life of Peter the Great, and whom he finally disbanded and slaughtered.

The attack took only a few minutes. After a flurry of shouted commands in English, Russian, Italian and other less familiar tongues, the Streltsy bolted through the wooden streets of Moscow, scattering peasants and up-setting carts. With mounted officers leading the way, they clattered across a wooden bridge and up a hillside to the Spassky Gate.

It ended peaceably enough. As winter's early dusk put an end to the day's shooting, the Streltsy, their red-dish beards pulled down around their necks, ambled back from the "Kremlin," formed into ranks and marched off to waiting buses.

"You ought to be here when Peter routs the Streltsy and Moscow is put to the torch," said Marvin J. Chomsky, the director-producer, his ear flaps pulled tightly down against the rapidly sinking temperatures.

The shooting is part of an ambitious, \$26.5 million project, a 10-hour, four-part mini-series based on "Peter the Great," Robert K. Massie's 1981 Pulitzer Prize-winning biography of the Russian czar 300 years ago who overcame brutal court intrigues — including opposition from his own son, whom he had killed — to amass awesome powers, who went incognito to Europe to wrench Russia out of its medieval isolation and who forged a nation capable of crushing the Turks and the Swedes.

While the Russians have taken to referring to the NBC crews and the imported actors generically as "Americans," the Americans are in



Director Marvin Chomsky and two Russian extras during the shooting of "Peter the Great," an NBC mini-series being filmed in the Soviet Union

fact a decided minority in Suzdal. The camera work is being supervised by Vittorio Storaro, who brought a team of Italians along, and other members of the production team are largely from Germany and Britain.

The cast is similarly international, apparently reflecting NBC's hope of eventually selling the mini-series in Europe. Peter himself is being acted by Maximilian Schell and his half-sister Sophia is portrayed by Vanessa Redgrave. Other members of the large cast include Omar Sharif, Trevor Howard, Laurence Olivier and Lilli Palmer.

"Peter the Great" is a project for which NBC has effectively occupied Suzdal, a sleepy tourist town of 11,000 people northeast of Moscow with an almost uncanny profusion of onion-domed churches and walled monasteries left over from a more auspi-

cious past. Suzdal's own kremlin has been converted into an approximation of Moscow's famed center, with a full-size mock-up of the Uspensky Cathedral, where czars were crowned, facing a plywood Terem Palace replete with icons and double-headed imperial eagles long banished from the original.

The wooden streets of Moscow, through which the Streltsy had just charged, were also built specially for the occasion. Local muzhiks, wielding their hatchets in ways basically unchanged since Peter's times, carved a complete corner of old Moscow on a muddy field across from the Spaso-Yevfimievskiy monastery, complete with chapels, cabins, shops and fortifications of massive logs.

But for all the magic of the carpenters and decorators, it was Suzdal that supplied an authenticity Holly-

wood could never have matched. A light covering of early snow dusted the endless cupolas and battlements, while frost turned trees into glittering sculptures of ice. The sets blended with streets of log houses differing from the decorations largely in the television antennas sprouting from their roofs, while the muzhiks and babushkas recruited as extras from among the local citizenry squinted from behind the same weathered northern faces that Peter knew when traversing these parts.

It seemed appropriate that the local production headquarters and many of the Western team members had been housed in a restored convent — the one, in fact, to which Czar Peter had banished his first wife, Eudoxia Lopukhina. Meals were served, of course, in the ancient refectory.

For all the charm of the setting, "Peter the Great" has not come easy — or cheap. The original idea, a six-hour show costing \$12 million, has

swelled into a 10-hour series now expected to cost \$26.5 million — a sum roughly double the going rate of mini-series. As the costs mushroomed, the original director, Lawrence Schiller, the man who conceived the idea, was replaced on Aug. 30 by Mr. Chomsky — director of such earlier major productions as "Holocaust," "Inside the Third Reich" and "Attica."

According to production officials, whatever economies the Soviet Union offered in cheaper wages and facilities has been more than offset by the cost of shipping technicians, actors, equipment and film in and out of Moscow and trucking them the three-and-a-half hours to Suzdal. The town, furthermore, was hardly geared to sustain a multimillion-dollar Hollywood extravaganza, lacking even a telex machine.

Some delays have been uniquely Soviet. Filming was held up when trucks carrying critically needed wigs arrived late from Bukhara, in central Asia, where the battle of Azov was filmed. According to Suzdal scuttlebutt, unconfirmed, the drivers had loaded the trucks with southern melons and took their time peddling these along the route.

Then there was the legendary Russian mud. During the filming of the battle of Poltava on a field outside Suzdal, a Soviet tank lurked off-camera ready to pull lesser vehicles from the thick mud. Shooting was briefly held up when the driver, a young soldier decked out as a Swedish soldier, misplaced the key.

But, on balance, both Americans and Russians seem to be thrilled by the cooperation. For the Americans there is an authenticity and an expertise that could not have been found elsewhere. Alexander Popov and Ella Maklakova, the Soviet art director and costumeur, respectively, have drawn superlatives for their ability to re-create the world of Russia on the eve of its first major contact with the West.

In fact, Mr. Chomsky said with a smile, "Their passion for authenticity is driving us crazy. The costume designer even insisted on having authentic undergarments for the women. And the extras who acted Tartars in the battle of Azov insisted on shaving their heads, even though they all wore caps."

For the Russians, the major challenge was to meet the American deadlines. Joel Katz, the production executive, said Sovinfil, the governmental agency that coordinates foreign film ventures, was first approached by Mr. Schiller in November 1983, and production began in February 1984. The series is not a co-production, and Mr. Katz described it as the first totally independent production involving the Soviet Union. Soviet film makers said that normally they would have taken two years to plan out the project and another one to film it. The Americans, however, wanted everything in 33 weeks.

Not only has the tempo been awesome, but "Peter the Great" figured nowhere in the economic plans by which all Soviet endeavors are ordered. The result has been that Gorki Film Studios, which was given the job of collaborating with NBC, has had to beg, borrow and scrounge from other Soviet productions to meet NBC's needs.

From the extraordinary effort the Russians have invested in the film, it is clear that their stake in this production is more than economic.

"Originally, we thought they were doing it for money," said Mr. Katz, "but now it's clear that it transcends money. In fact, they've probably overspent in their own terms. But it seems to be a great challenge, to see whether cooperation is possible on something like this, especially with official relations being in the state they're in."

For a nation almost obsessively anxious to establish its equality with the United States, the production seemed to offer a chance to display Soviet skills and Russia's historic might to a vast television audience of Americans.

"We want American viewers to see that Russia in those days was not some wind-blown sheds, but already a great state," said Mr. Popov, the 38-year-old set designer responsible for the Grand Kremlin and the wooden Moscow. "That Americans will see the film is terribly important," he added. "We're putting much more effort into this than into our own pictures. We know that we, our abilities and our potential, will be judged by this work."

Don't Blame the Screenwriter When the Glue Is Missing

By WALTER KERR

It seems to me high time that we gave screenwriters at least a temporary absolution for their sins. Screenwriters are an easy breed to pick on because they have no champions, nobody loves them. Movie audiences don't love them; movie audiences love actors. Producers don't love them; producers find them at best a necessary evil, at worst a bunch of scribbles unknown to the public at large and therefore not worth a nickel at the box office. And directors don't love them because screenwriters keep insisting that they have played a substantial part in the creative process although absolutely everyone knows that the directors themselves are a film's true auteurs. I haven't heard from the screenwriters' mothers, but I suspect that they have been infected by everyone else's contempt and, disloyal to the last, do not urge their screenwriting offspring to come home for Christmas.

Yes, they're easy to blame when things go wrong, as they so often do on the nation's screens, and it helps that they're so anonymous, so unattended to, even though their credits are hidden somewhere on the posters outside and on the credit-roll that's still unrolling as the evening's customers bolt for the lobby. "Who do you suppose put that thing together?" a patron was asking as he eased past me in the lobby the other night. "I couldn't follow it." The fact that he doesn't know who put that thing together, and doesn't intend to find out, helps the disgruntled patron to vent his spleen in a way that he would not have done against Robert Redford, say, even if Robert Redford were also the producer. If it was Robert Redford he was mad at, he'd say "Why do you suppose they waste such a damn good actor?" or "I feel sorry for Redford having to say those lines."

All right. The lobby I was last strolling through — it was possible to stroll because there weren't enough emerging patrons to bump or jostle you — was in a theater showing "The Little Drummer Girl," which is the film that the customer passing me couldn't follow. A customer on the other side of me couldn't follow it, either, though he put the complaint differently. "Maybe I should have read the book first" was all he said, nor need he have said more. As one of those presumably privileged people who had read the book, I could have told him that it wouldn't have helped a bit and that the film was unfollowable on its own terms, but I refrained out of false modesty. I think now, though, that I should have spoken. I might have taken some of the heat off the scenarist, who was obviously and as usual being blamed.

I don't think the scenarist did a beautiful job of it, or anything like that. I am also aware that when di-

rector George Roy Hill was shown the supposedly final shooting script, he said something like "fine, now I've got a six-hour picture." This left him with a serious need to cut four hours of what may have been vital material. Certainly what was left seemed pretty unvital. But, I'm coming to my real point. The fault, dear Brutus, lay not necessarily in the screenwriter's work, and not necessarily in the director's hacking at it, but in the original novel itself. What was most seriously wrong with the film was wrong with the book John Le Carré wrote. I swear it.

In his best-selling novel Mr. Le Carré set up at great length — oh, many, many pages of great length — a situation. The situation involved a girl who was an actress, though not one prominent enough to be internationally recognized. She was selected so that she would not be recognized, then put through a most extended period of training — call it rehearsal — for a duplicitous and dangerous role she must play. As a spy, she was to fool Arabs and Germans and Israelis and practically everyone you can think of at various crucial moments to come. It was all more or less like preparing Liza Doolittle to pass herself off as a duchess in "Pygmalion," though of course at a less glossy and more cutthroat level. We were presumably building toward the moments of greatest impersonation, scenes that only an actress could carry off.

The only trouble with the novel was that we never knew precisely when those scenes were taking place. We never knew when the curtain was going up. Of course, we were aware that our heroine was pretending to be someone she wasn't at certain times, in certain motor cars, in certain shabby hideouts. But it was all tentative, undefined, blurred in passing. There were no defined climactic sequences in which we could first feel the hush of apprehension ("Here it comes, now"), then the sense that the girl was really in the soup and — with all enemy eyes upon her — had better watch her step, and then a fail-safe point after which our nerves and emotions could subside into satisfaction or dismay.

If there were passages in which the trained recruit was surely risking her neck, they were only the routine passages with which any kind of spy might have had to cope. Where were the scenes that explicitly required an actress? In the novel I kept waiting for them and never did find them. It wasn't so surprising, then, to find them missing from the film, and I was in no hurry to blame the screenwriter for their absence. He was only being "faithful" to a defect in his source.

If a screenwriter does tamper with his source material in order to remove what seemed to him defects, he is promptly blamed on the double (you can see what a sorry life he

leads). When I mentioned Robert Redford earlier I didn't pull his name out of the blue, I was of course thinking of "The Natural" and of the liberties that were taken with the Bernard Malamud novel from which it was adapted.

There was some critical scolding here, too, though it was perfectly plain that the changes made in the film's climax and ending were what saved it as a commercial venture. When Robert Redford, spiritually and physically recovered from all the mythic ailments that beset him, picked up the ultimate bat to knock the ultimate baseball into the battery of lights that illuminated the ballpark, thereby setting off a fireworks display more massive and more joyous than one I saw in Sicily 22 years ago (they do these things well in Sicily), the picture was in. As you knew or have guessed, nothing of the sort happens in the novel. And I think the screenwriter was probably perfectly sensible in doing what he did.

I yield to no one, as the saying goes, in my admiration for Mr. Malamud, arguably the finest living American novelist. But there was probably no way to remain faithful to his novel and still get a good film because this particular Malamud novel doesn't happen to work well. It's loaded with incidental virtues, which make it readable. For Malamud to be unreadable is unthinkable. But it's a first novel whose author is not yet in full control of his most daring effects, and those effects in this case include the kind of dark Gothic symbolism so beloved of beginners. "The Natural" brings a hotshot bush-leaguer into the world of prose, where he picks up a girl who for no natural reason shoots him. The ballplayer sidelines himself for 15 years, then returns only to find himself fate's pawn once more. But, as readers, we can never quite tie together the arbitrary and the actual worlds.

Nor are there enough hints in the narrative to tell a screenwriter what sort of glue is missing, what angle of vision might put the natural skills of a ballplayer and the miraculous intervention of rainstorms that break like 21-gun salutes into the same meaningful perspective. So we might as well have an exhilarating ending if we can't make satisfying sense out of any other.

If "The Natural" has a problem on film, it's a leftover one: the early irrational/magical events are retained, and, in order to warn us that we aren't dealing with utter naturalism, the director has applied gauzy, ghostly filters indiscriminately. A kind of supernatural fuzz envelops trains, lighted hotel windows, alleyways, almost anything. In effect, these faintly unreal images are preparing us for the novel's original ending, though that ending won't be there when we get to it. But let's say this was a director's lapse, since we are trying to be nice to screenwriters today.

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THE FATE of the Danot Investment concern continues to hang in the balance. The company's management is looking for new capital, new partners, whether from Israel or abroad. Yet it has nothing to attract potential investors except its control of one particular asset, which is now the most profitable financial institution in Israel: the First International Bank.

This bank is only the fifth-largest in the country, in terms of balance-sheet size, but the interest it generates is quite disproportionate. However, anyone interested in getting control of it would do well to first ponder the fate of his predecessors.

THE FIRST International Bank, in its 12 years of existence, has created a great deal of corporate sensation in a short time. Yet reviewing the long list of *dramatis personae*, individuals and corporations, crowded into its annals, one is forced to an amazing conclusion: while the bank has grown steadily stronger, almost every one of its owners has come to a sticky end. Control of this financial goldmine has rarely brought the owners the wealth they were seeking — usually quite the opposite.

The story begins in the boom years of the early Seventies, when finance minister and Labour strongman Pinhas Sapir persuaded local and foreign investors to come together and set up a new bank. Its purpose was to break open the chummy hot-house of the "big three" (Leumi, Hapoalim and Discount) by providing a cold draught of competition. In this the bank was to succeed better than anyone could then have imagined.

At its inception, the First International represented the largest foreign investment ever made in the Israeli economy, and was the fourth largest bank in the country. The largest single partner was First Pennsylvania Corporation, the 19th largest bank in the U.S., which held 41.6 per cent of the new entity and was confidently expected to increase its stake to above 50 per cent.

In addition there was Israel Financial Trust, a subsidiary of British Triumph Investors Trust, with 13.7 per cent, Baldwin Securities Corp. (3.9 per cent) and Sam Rothberg's Israel Investors Corp. with 4.2 per cent.

The Israeli Government held 26 per cent of the equity plus a founder's share to appoint the chairman, but it provided about half of the total original capital of the bank.

The first general-manager was David Golan, and its first chairman was Marc Mosevics of Elite, so that — in some respects — there has been a remarkable continuity. However, change was not long in coming.

THE FOUNDING partners fell by the wayside one by one. Israel Financial Trust was eliminated when its British parent turned belly-up in November 1974 (a victim of the secondary banking crisis in England). The Israeli Government bought its shares for a song. (Baldwin Securities also went bankrupt eventually, but that was long after it had sold its stake in the bank.)

In August 1975, the Canada-Israel Development Corporation (whose dominant partner was the Bronfman family) entered the fray, buying the Israel Financial Trust shares and some of the governments own hold-

The jinxed gold mine

The Post's Pinhas Landau reviews the strange history of the First International Bank. It has been a smashing financial success, but ill-fate has followed those "unlucky enough" to own it.

ing. Canada-Israel is now controlled by PEC Israel Economic Corporation, a subsidiary of IDB, although the Bronfman family still holds a large stake.

In 1978, FIBI, the holding company of the First International, went public on the Tel Aviv Stock Exchange. (It is vital to distinguish between FIBI, the holding or parent company, and First International, which is the bank itself. From 1981, both companies were traded separately on the exchange, as we shall see.)

THE FUN and games over who managed FIBI really began in January 1979. The first reports said that First Pennsylvania had sold its stake (now down to one-third) in the bank to "a wealthy investor and insurance executive" — one John Marsh, of Gainesville, Virginia. The American bank, on whom great hopes had been placed, sold for \$12m. the shares it had bought for \$6m. only seven years earlier, while retaining its investment in the bank's capital notes. It thought it had done a good deal, and departed the scene.

Meanwhile, the search was on for John Marsh and his company, Devco Inc. Among the searchers were the Bank of Israel, which was supposed to oversee and control the Israeli banking system and check the qualifications of the main shareholders — particularly in First International, where the government itself had a large stake.

It took until March, however, for the truth to emerge. Marsh was simply a "straw man," a front for another investor, who was operating behind the name of the East Mining and Trading Company, registered in Panama. This mysterious investor turned out to be none other than Shaul Eisenberg, whose name was becoming increasingly familiar in Israel in those years.

Eisenberg swallowed the shares acquired by Marsh, and took Sam Rothberg's shares, too. In July of that year, Eisenberg persuaded the government to sell the 1.6 per cent

he needed to give him majority voting rights on the FIBI board. The Bank of Israel, somewhat red-faced, breathed a sigh of relief. First International, it seemed, was in safe and stable hands.

But it was not to be. After less than a year, Eisenberg had moved on, pocketing a \$10m. profit in the process. Spending some \$16m. on his stake in 1979, he sold out to a new Israeli investment company, Danot, in the spring of 1980 for \$26m. Eisenberg made a killing on First International, but his Israeli investments turned sour in later years — the most well-known being the Ata textile firm.

DANOT, the new owner, was itself a new force on the Israeli business scene. Founded by a group of successful industrialists, it contained 11 partners in all, mostly Israeli and some foreign, and these were known as the "founders group." The central figures were Marc Mosevics of Elite, Dov Lautman of Delta Textiles, Yosef Pecker of Pecker Steel, Aharon Sacharof of Sahar Insurance and David Golan, who had switched from First International to Israel General Bank before joining Danot.

The idea behind Danot had been to invest in industry, but the way things turned out, the first major opportunity to present itself to the company was that of the First International Bank. Danot coughed up the \$26m. it needed to get control of FIBI, the bank's holding company parent, and installed Golan as managing-director of FIBI. They raised the money in those halcyon days of plenty, by a share flotation on the Tel Aviv Stock Exchange. The public rushed to buy the stock of a company without assets, relying primarily on the track record of the Danot partners.

The purchase of FIBI was the best deal Danot ever made, and some people say it was the only good one. Most of the companies purchased subsequently by Danot and its subsidiary, Danot Industries, were at best disappointments and at worst total failures. Even in the good years of 1981 and 1982, the company did not shine. With the stock exchange collapse of 1983, the chickens began coming home to roost.

Nobody knows how much Danot lost in the series of stock exchange collapses of last year, but most observers agree that the company never regained its balance thereafter. Its joint ventures with the Leumi Investment Bank turned sour, the most public one involving the collapse of the *Rehov Rashi* local newspaper chain. Other investments, in high-tech and in regular industry, provided little black ink either. Analysts point to poor homework in assessing in which companies to invest, and poor teamwork in managing the growing and diversified

empire. Splits in the "founders group" began to appear and widen as the crisis deepened.

MEANWHILE the First International Bank, owned but not managed by Danot, turned into the biggest success story in the entire financial sector. The credit for this goes not to Mosevics and Golan but, first and foremost, to Zadik Bino, the dynamic and brilliant general-manager of the bank. Since his appointment to replace Golan, in January 1980, the First International Bank has doubled its share of the local banking market, from 5 to 10 per cent, and has begun to do business on foreign shores.

What is the secret of the bank's staggering success in recent years?

The main answer, admitted by friend and foe alike, is that Bino has managed to enforce strict adherence to two key principles: every activity had to justify itself on the grounds of profitability, and the bank did not involve itself in non-banking activities.

First International was thus able to make best use of the advantages that it had over its older, established rivals. It was not weighed down with accounts (such as German restitution payments) that brought no margin to the bank; it had no departments or attitudes whose roots were in historical developments that were now obsolete. It had no self-imposed obligation to its shareholders to support (in reality, manipulate) its share price.

Bino exploited these factors to the maximum. He led a team that was able to respond with incredible nimbleness to any change in the economy, and in the capital markets in particular. His own speciality — aggressive marketing of savings schemes — became the calling-card of the bank, but he took the initiative in many other fields as well.

In the teeth of violent opposition, he introduced the abolition of value days on cheque deposits (i.e., that a cheque, even of another bank, was credited to the depositor's account on the same day he put it there, rather than one or two days later) and, later, moved to extend the bank's opening hours in the evenings. Although his own workers agreed to this move, the other banks' works committees put up tremendous resistance to this step.

THE FIRST International has become synonymous with flexibility of approach and innovative ideas. The bank that was supposed to breathe some competitiveness into the system had more than fulfilled the hopes of its proponents and fears of its opponents. The response of the "big three," who were reduced to being dragged along in initiatives they did not want, was to try to squash the upstart. When that failed, they went over to the approach of seeking to gain control from within — along the lines of "if you can't kill them, swallow them."

The Bank of Israel has sought to protect First International from these designs by insisting on independent management. A by-product

Zadik Bino... a brilliant general manager

(Uzi Keren)

of this was the fact that it would not allow the bank to join its fellow-banks in the price-fixing scheme that they operated for their shares. Had First International joined, as it wanted to as late as 1983, it would today be another semi-nationalized puppet, like the others.

However, since by good fortune, rather than good judgment, it was kept out of the manipulation, it is also not in the "arrangement" and therefore has retained some freedom of action.

The last year has seen the First International continue to grow and its profits to increase in quantum leaps while the big three and Mizrahi struggle to emerge from the shadow of the disasters of 1983.

But things might have been quite different, if the "toilet deal" had come to pass.

ALTHOUGH less than two years have passed since the Tel Aviv stock market reached the boiling point in January 1983, the atmosphere of those heady days is barely remembered. It is all the more amazing, therefore, to recollect how the fourth-largest bank in the country (Mizrahi) was on the verge of buying the fifth-largest (First International) for \$150m., after a brief encounter between two senior bank executives in the men's room of a Tel Aviv hotel.

The story that was current then, and has never since been laid to rest, says that the paths of Zadik Bino of First International and Eli Ungar, a senior deputy general-manager at Mizrahi, crossed at the venue mentioned above.

In a brief, off-the-cuff and highly unusual business discussion the idea was hatched that Mizrahi would buy about one-third of First International for the incredible sum of \$150m. The money, of course, would come from the ever-glibble public, via the stock market.

Bank of Israel Governor Dr. Moshe Mandelbaum waved the deal through, despite public charges that his connection with the National Religious Party was influencing him in favour of Mizrahi. The deal would have become fact only a few days before the stock market broke, had Finance Minister Yoram Aridor not stepped in and vetoed it.

Some say he did so out of pique at not being informed earlier; some say he did it to get at the NRP and Mandelbaum, and some say he did it because he received and accepted

intelligent and cooler-headed advice. Whatever the reason, his move saved Mizrahi, and probably First International as well.

There is no doubt that if Mizrahi had signed the deal they would have been doomed. They could never have raised the money, given what happened immediately after in the stock market, and they would have been left high and dry," says one well-placed source with reference to that period. As it was, Mizrahi barely weathered the storm of January 1983, when it bought back a third of its traded shares from the panicking public, in a period of three weeks.

Another banker, referring to the close escape Mizrahi had, simply shrugged and quoted the 116th Psalm: The Lord watches over simpletons.

LESS fortunate, but more typical of the fate of owners of blocks of FIBI and First International shares was the Rieger-Fishman investment group. Among the shares bought in vast quantities by this team, which was all-powerful in the latter part of 1982, were those of both FIBI and First International. In the January 1983 crash, Rieger-Fishman mutual funds were all but annihilated, and both shares dropped by well over 50 per cent in a matter of days.

Furthermore, they kept on dropping, along with the rest of the stock market, throughout the year. Only the shares of the big banks held up, since they were manipulated by the banks themselves. And so it was that in August 1983, a new factor appeared in the First International firmament: Bank Discount.

The third biggest bank (three times the size of Mizrahi but only half as big as Hapoalim and Leumi) sought to buy a stake in First International through a share swap between itself and the smaller bank's owners. At that time, the Discount shares were at their peak. The end was nigh, though few knew it, even then. Thus when Discount gave \$80m. worth of its overpriced stock in exchange for 26 per cent of the equity of the First International (although only 11 per cent of the voting power), it was pulling off one of the greatest coups in the history of the Tel Aviv Stock Exchange. Three months later, when the bank shares had collapsed, it was clear that Danot had suffered a whopping loss, while Discount's gain was two-fold. It had rid itself of some of its own stock, and in exchange received part

of one of the fastest-growing companies in the economy.

The state of Danot worsened along with the economy as 1983 became 1984. The troubles of the partners and their company were daily fare in the newspapers, and reports spoke of mounting cash-flow problems. The results for 1983 made clear why: Danot lost in excess of \$70m. that year. Danot chairman Marc Mosevics began a search for new partners to put in fresh capital and save the company. As time went on, the search became increasingly desperate, but Mosevics found himself in a dreadful trap only partially of his own making.

He wanted to find either new partners or possible buyers for Danot, wars and all. He refused to countenance selling First International — the only asset that could conceivably interest a potential buyer — by itself. The role and position of Bank Leumi, Danot's major, but hardly sole creditor, assumed increasing importance.

NOBODY KNOWS how much Danot is in hock to the banks. Estimates vary from \$15m. to \$35m. What is clear is that Leumi is the largest single creditor. But Leumi's position is very delicate. Not only is it already troubled by a bad headache from its current crop of bad debts — Ata, Maof and Gil Electronics (through its Union Bank subsidiary, if not itself as well), but it has to consider its relationship with the Danot founders as well. One of the partners, Yosef Pecker, sits on Leumi's board of directors, and while there is no reason to doubt the bank's assurance that when Danot is discussed, it takes no part in the discussion, it would nevertheless be unpleasant all round if the bank pulled the chain on Danot and flushed away his \$1m. investment in the company.

Similarly, Leumi is banker to many of the other partners' firms (which include Elite, Osem, Pecker Steel, Sahar Insurance and Delta Textiles), and this grid of interlocking relationships — so typical of the tightly-knit Israeli economy — is another factor that makes it harder to take drastic decisions. In addition, Leumi holds large chunks of equity in many of these companies, either directly, or through investments of mutual funds and provident funds that the bank manages.

The same problem holds true, from a different perspective, for the Bank of Israel, for Danot's Mosevics was chairman of the Bank's advisory committee for several years. Bank Governor Mandelbaum and several others of the senior staff are all graduates of the Ministry of Industry and Trade, for decades the poodle of the manufacturers and industrialists, of which the Danot partners are all long-standing leaders.

So the running sore that Danot has become lingers on. First International has remained miraculously unscathed during the troubles of its unfortunate parent, as it has survived all the disasters that have befallen its previous owners. One wonders how long this state of affairs can continue.

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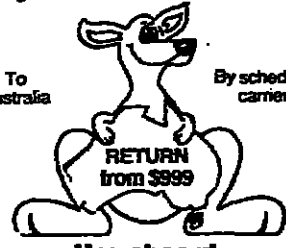
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Scitex had gains in sales, profits

By PINHAS LANDAU
Post Finance Reporter

TEL AVIV. — Scitex, the Israeli multi-national computerized imaging concern, reported strong gains in sales and profits for the most recent quarter (July-September) and for the year to date.

For the third quarter, unaudited sales reached \$28.2 million compared with \$20.5m. in the same quarter of 1983, a gain of 38 per cent. Net income for the quarter was \$3.857m, a 51 per cent gain over last year's \$2.940m.

In per share terms, earnings were \$0.40 per share, up from \$0.31. This is a smaller percentage increase than the dollar earnings, because the weighted average number of shares outstanding was higher this year.

Over the first nine months of the year, Scitex sales grew by 43 per cent, to \$71.15m. In 1984, from \$49.86m. in January-September 1983. Net income for the first nine months of 1984 was \$5.743m., compared with \$4.707m. in the same period last year, an increase of 22 per cent.

Per share earnings for the nine months this year were \$0.60, only 3 cents better than last year, as 9.6m. shares were outstanding on the aver-

age in 1984, against only 8.3m. in 1983.

The company's business continued to progress strongly in the U.S. market, which accounted for 50 per cent of total sales in the quarter. In Western Europe, in spite of competitive pressures and the erosion of profit margins resulting from the dollar's strength, sales showed growth over last year's third quarter, contributing 36 per cent of sales overall.

Among the major business events of the quarter cited by the Scitex management was a multiple-unit order for the new Satlight transportable colour scanner. Satlight is itself a new concept in colour scanning, and is easy to operate as an office copier. It augments the company's expanded graphic arts product line, which is now being positioned to address the plans of newspaper publishers for massive conversion to colour in the next few years.

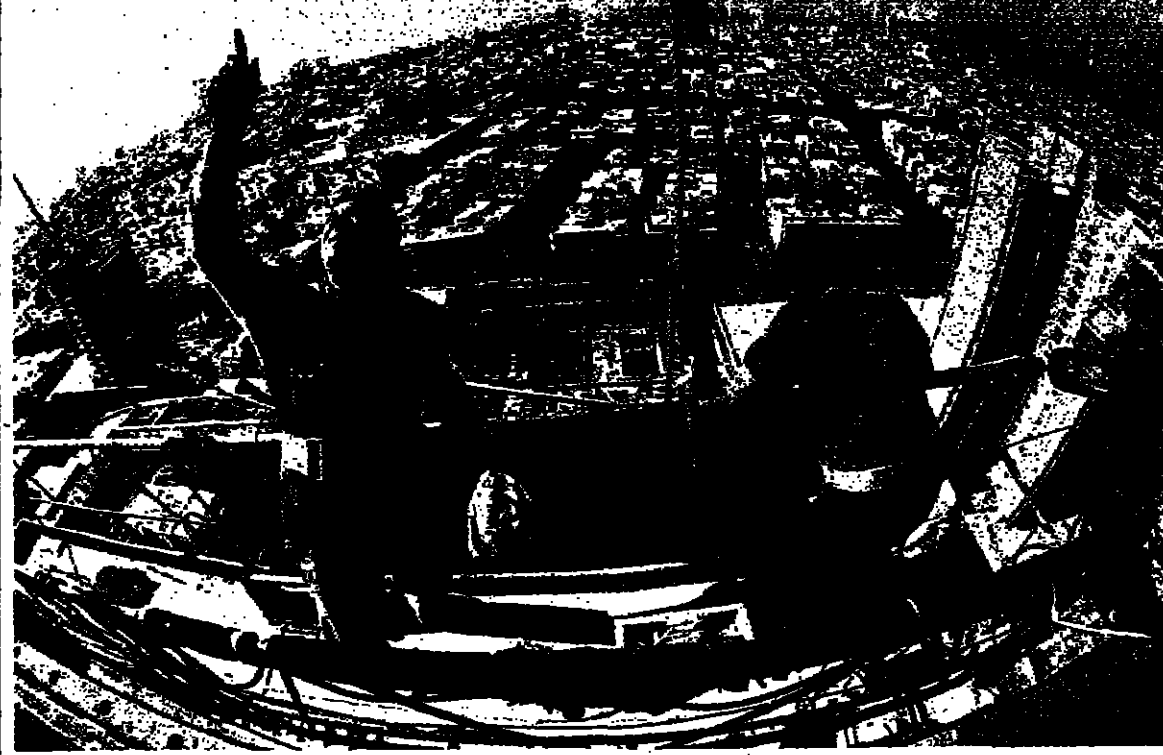
The Scitex Vista colour page design system also recorded important sales to major European publishers in the third quarter. Its Insight system for printed circuit board fabrication was in demand from such major electronic equipment manufacturers as Digital Equipment, Hewlett

Packard, Rockwell and Texas Instruments. The company expects sales of the Insight system to increase substantially in the coming year.

Shipments of systems integrated and assembled at the company's new production facility at its North American headquarters in Bedford, Mass. have been delivered to customers in the U.S. and Canada during the third quarter. A similar facility is being established at Scitex's West European headquarters at Brussels.

By setting up assembly operations close to its principal market regions, the company expects to realize significant reductions in the time and cost of systems installations, and these moves should have a positive effect on costs and receivables.

The company's management also noted that gross margins of 57 per cent were achieved in the most recent quarter, despite the strength of the dollar and the start-up costs of the new U.S. facility. Research and development expenses for the first nine months of 1984, net of government participation, reached \$7.752m., an increase of 45 per cent over the same period last year.



The 90-metre high modern office building on the corner of Rehov Dubnow and Daniel Frisch is nearing completion. This remarkable fish eye lens view shows workers on a scaffold against the background of Tel Aviv below and beyond.

Forecasters see W. German GNP going up by 3%

BONN (AP). — Five economic experts predicted Friday that West Germany's Gross National Product (GNP) will rise 3 per cent in 1985, after a 2.5 per cent increase this year.

The Council of Economic Experts, often called the "Five Wise Men," said better growth could be expected, because of strong capital spending, especially for new equipment, as well as increased exports.

Important underlying factors for the improved growth are markedly better corporate earnings, positive sales expectations for West German products abroad, rising capacity utilization and a growing tendency by companies to modernize, the experts said.

The report handed to Chancellor Helmut Kohl painted a brighter picture for the West German economy next year than a survey released by five economic research institutes a month ago. The German institutes projected real, or inflation-adjusted growth of only 2 per cent in 1985.

Computer software exports rising

By MACABEE DEAN
Jerusalem Post Reporter

EXPORTS of "Made in Israel" software rose from \$7 million to \$12m. last year and "should reach about \$20m. this year," says Arie Hinkis, president of the Israeli Association of Software Houses. He is also president of Afik Computers, a subsidiary of Afik Investments.

"There is no reason why we can't keep up our past pace and increase exports by about 50 per cent each year in the near future," he says, but he does reject with a smile the "wild statement" made some time ago by a government official that "There is no reason why our exports don't soar to one billion dollars within a few years."

This would mean capturing 10 per cent of the world market which is estimated at \$10 billion. (Other estimates place it as high as \$20 billion a year.)

"We will be content in the near future if we can get one per cent of the action," he says, and "there is no reason why we can't achieve this much more modest target."

Israel has good products, he explains. "We've been forced to develop excellent quality, because we all sell, or try to sell, to the security forces, and they demand the very best."

Local sales of Israeli-made soft-

ware are about \$80m. a year that is, about 80 per cent of the software produced here.

But it is one thing to have a good product; it is entirely another to sell that product abroad where the competition is fierce.

For this reason, the Association of Software Houses was set up two years ago. It now has 70 member firms, and since one prerequisite for membership is that a firm have at least 120 highly trained professionals, another 30 firms have been unable to join.

"In addition to guiding its members towards exports, the association also acts as a lobby vis-a-vis the authorities to get the tax and other benefits to which a recognized industry is entitled," he says.

Israel can sell two main items abroad. The first is software made for the local market, which can be sold often as it is, but generally needs some adaptations. Second is software tailor-made to the needs of companies abroad.

But penetrating foreign markets, especially the American, is a costly affair requiring at least \$250,000, but preferably \$1m., to establish a solid foothold.

Hinkis rules out one solution: several software houses joining together to launch a joint beach-head abroad.

"Our software houses are too

competitive and are constantly at each other's throats to get a bigger chunk of the Israeli market. It would be difficult to teach them to cooperate abroad while they are competing at home."

Nevertheless, several houses have managed to penetrate, sometimes fairly deeply, into the markets abroad, either by using agents, establishing subsidiaries abroad or going into partnerships with foreign firms.

Hinkis lists the most successful ones:

— Creative Output, which grossed about \$10m. in 1983, and which concentrates on the U.S. where it has even sold to several companies on *Fortune* magazine's list of top 100 companies.

— Manof Systems which grossed about \$6m. last year, specializing in turnkey systems, and has sold programmes in the U.S., West Germany and England.

— Orek Information, which designed "the world's best management system for the Yellow Pages phone directory." It grossed a "few million" in 1983.

— Reither Software Systems (a member of the Afik Group) which is active in the U.S., has worked for the Bank of America and recently entered the area of computerized manufacturing. It grossed about \$1m. in 1983.

World's largest diamond displayed in New York

NEW YORK (AP). — The world's largest uncut diamond, a glittering 890-carat, canary yellow gem, was unveiled last week in New York by its new owners, who plan to turn it into the largest polished diamond in history.

Donald Zale, chairman of the Zale Corp., said it will take 18 months to cut the stone, and when it is finished in 1986, it is expected to weigh only 550 carats.

If cutting does not damage the stone, it will be the largest polished diamond in the world, surpassing the 530.2 carat Cullinan diamond, now part of the British crown jewels in the Tower of London.

Zale said the stone was acquired earlier this year in Europe from an anonymous seller, through a broker. He declined to disclose the price

paid for the diamond, the fourth-largest ever found.

He said the diamond was discovered in Africa, but he did not know in which country. It was a surface stone, and was not mined. Beyond that, the origin of the stone was a mystery, Zale said.

He added that the stone is almost flawless. "In the rough, ours has all the characteristics that will make it the most incredible diamond ever to exist. It is tremendous in size, there appear to be no carbon inclusions, and the unique colour is extraordinary," he said.

Bert Krashes, director of diamond grading services for the Gemological Institute of America, said he had an opportunity to examine the stone and said it has "the potential of becoming one of the world's most unique diamonds."

Iscar Blades adds production line

By YA'ACOV FRIEDLER
Jerusalem Post Reporter

HAIFA. — The Iscar Blades company of Nahariya yesterday inaugurated a new production line for jet turbine blades for fighter aircraft.

The line, which cost over \$2 million to set up, will turn out six types of blades at the rate of tens of thousands annually, a company spokesman told *The Jerusalem Post*. They will fit the Pratt & Whitney F

100 engines which power the F-15 and F-16 fighters flying with U.S. and Israeli air forces, and the new FV 1120 engine that is to power the Lavi aircraft being developed here.

For a start the line is manned by 15 workers, but the number is to be doubled, the spokesman said.

The output of Iscar Blades will total 600,000 turbine blades this year, of which up to 90 per cent are exported.

EEC agrees on \$6.3b. Third World aid

BRUSSELS (AP). — The European Economic Community has reached agreement with 64 Third World nations on terms for a new \$6.3 billion trade and aid convention.

The agreement, announced Thursday at EEC headquarters here, is to replace the current \$4.1b. Lome convention, which will expire next February. The new agreement is to be signed by both parties on December 8 at Lome, Togo, officials said.

The convention is the single largest trade and aid agreement be-

tween the EEC and the Third World. It is designed to promote economic development in Africa, the Caribbean and the Pacific. The new convention will be the third in a series dating back to 1975.

Of the total \$6.3b. in financial aid, only \$1.3b. will have to be repaid, officials said.

Edgard Pisani, the EEC Commissioner, who masterminded the negotiations, said development of the recipient countries' agricultural capacity will be a top priority in the new convention.

Poles to be polled on food rationing

WARSAW (Reuters). — Poland's government, preparing the country for another round of food price rises, is to hold public consultation on lifting food rationing, official spokesman Jerzy Urban said over the weekend.

Poles will be given a choice between a phasing out of rationing, except for meat, which would mean high increases, or of retaining rationing and keeping rises low, he said.

Urban said the size of the increases had not been fixed, but that "a very moderate growth of food prices was likely to come early in 1985."

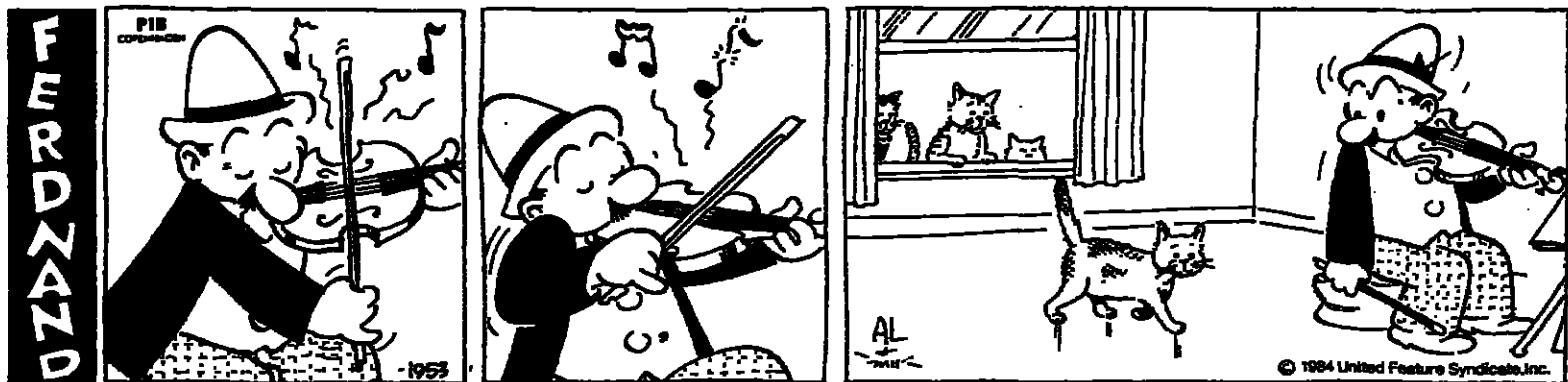
He indicated that public opinion would be consulted as extensively as possible. Prices were expected to rise by 10 per cent last February, after three months of consultations.

Urban's remarks were the first official indication of the authorities' plans for tackling the politically-sensitive issue of prices and rationing for 1985.

Attempts to impose big food price increases caused confrontations, which ended with the fall of party leaders Wladyslaw Gomulka in 1970 and Edward Gierk in 1980.

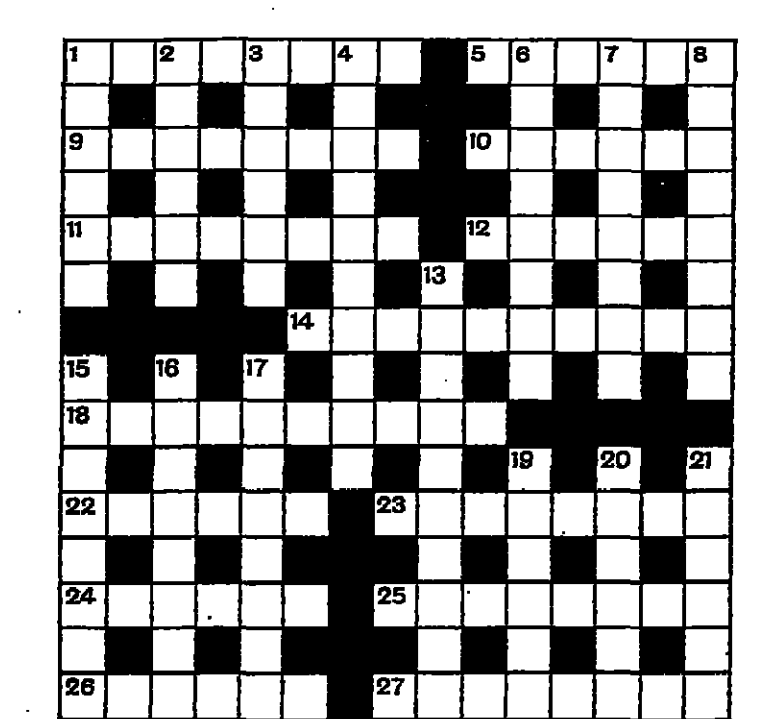
Staple foods currently rationed include flour, butter, lard, sugar and rice as well as meat. Petrol is also rationed.

CAIRO. — Iraqi Trade Minister Hassan Aliy arrived in Cairo yesterday on a four-day official visit and talks with his Egyptian counterpart on developing economic relations, the official Middle East News agency reported.



ONE-AND-ONE CROSSWORD

- | | |
|---|---|
| <p>ACROSS</p> <p>1 Answer a request to discuss lumbago? (4, 4)</p> <p>5 Medicant circus animal swallows horse (6)</p> <p>9 Instrument locker struck by a performer (5, 3)</p> <p>10 Shape up once more to political change (6)</p> <p>11 Current means of heating the weather (8)</p> <p>12 Islander distributing nectar (6)</p> <p>14 Bad whisky is the very devil (4, 6)</p> <p>18 Attend or get taken back to the freezer (4, 6)</p> <p>22 How about no cash? Empty feeling? (6)</p> <p>23 Push-chair for one who disdains a wheel-chair (8)</p> <p>24 Well-developed Amelia has apparently married twice (6)</p> <p>25 Better than one for the better (3, 5)</p> <p>26 Circular letter crossed in the course of postal delivery (6)</p> <p>27 Area 2 man sifted was one of ancient Syria (8)</p> | <p>DOWN</p> <p>1 Anything but a dunce's cap (6)</p> <p>2 The sort of unfair question ready to be shot (6)</p> <p>3 Brother Livingstone gone to pieces (6)</p> <p>4 Inventiveness developed from reactivity (10)</p> <p>6 Tears prescription for conjunctivitis (3-5)</p> <p>7 One deserves another top-class circus act (4, 4)</p> <p>8 A minute change to chew over (8)</p> <p>13 The time-keeper's keep (5-5)</p> <p>15 Where legal men practise drinking (2, 5, 3)</p> <p>16 Star feature of attic ceiling (8)</p> <p>17 A French village green rarely seen (8)</p> <p>19 He is not just a batsman or a bowler on the morning (6)</p> <p>20 Polite request to make someone happy (6)</p> <p>21 Jail a couple with one child (6)</p> |
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| <p>DUTY HOSPITALS</p> <p>Jerusalem: Biku Holim (pediatrics, E.N.T., Hadassah E.K. (internal, gynecology, surgery, orthopedics), Shazar Zedek (ophthalmology), Tel Aviv: Roshan (pediatrics, internal, surgery), Netanya: Leumid (obstetrics, internal, pediatrics, gynecology, surgery).</p> | <p>FLIGHTS</p> <p>24-HOURS FLIGHT INFORMATION SERVICE Call 03-972484 (multi-line)</p> <p>ARRIVALS ONLY (TAPED MESSAGE) 03-381111 (20 lines)</p> |

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| <p>QUICK CROSSWORD</p> <p>1 Arrange in row</p> <p>4 Intended</p> <p>10 Road surface</p> <p>11 Acquisitiveness</p> <p>12 Delicate fabric</p> | <p>13 Low platform</p> <p>15 Police spy</p> <p>17 Sweetmeat</p> <p>19 Urged forward</p> <p>22 British composer</p> <p>25 Inhale</p> <p>27 Noosed rope</p> <p>28 Form</p> <p>30 Ancestry</p> <p>31 Small-minded</p> <p>32 Cathedral city</p> |
| <p>2 Village inn</p> <p>3 Windfall</p> <p>6 Precise</p> <p>8 Tell story</p> <p>9 Metal worker</p> <p>10 Yellowish orange</p> <p>11 Smooth</p> <p>14 Dermal</p> <p>16 Indian canopy</p> <p>18 Unexceptional</p> <p>20 Medley</p> <p>21 Degraded</p> <p>23 Kingdome</p> <p>24 Pith helmet</p> <p>26 Stafford river</p> <p>28 Diminutive</p> | <p>POLICE</p> <p>Dial 100 in most parts of the country, in Tiberias dial 924444, Kiryat Shmona 4444.</p> |

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Your money & your questions

By JOSEPH MORGENTHAU
Question—My savings, which I use to supplement my working income, are in a *patam* dollar-linked account. I convert the *patam* dollars as I require them. Do you think I can do any better than under this arrangement?

Answer—Until the end of October, or more exactly, until the November 4 package deal, you were right on target in the management of your finances. The devaluations, on a monthly basis, were outpacing the cost-of-living index. You were the beneficiary of a one-time devaluation of more than 7 per cent. Interest rates on shekel deposits were not all that attractive even at levels of 20-21 per cent a month.

However, the package deal changed all that, since the rate of devaluations was slowed in keeping with the tri-partite agreement. In fact the shekel, as of November 22, was devalued from the beginning of the month by 9.3 per cent.

Had you converted *patam* dollars at the beginning of November, you would have earned somewhat less than 15 per cent over the same period and thus gained a clearcut advantage. In the past week, interest rates have dropped to a monthly level of 15 per cent or less on shekel deposits. Even at these levels the converting of dollars and placing them on relatively short-term *patam* shekel deposits is justifiable.

Since I don't think that you want to speculate with your savings, you may consider converting enough *patam* dollars to last you for one month, or for a period until the end of the "freeze."

Question—In the context of currency control regulations which identify "exempt persons," how long must an Israeli resident be out of the country to qualify as an "exempt person?"

Answer—An "exempt person" is an Israeli resident who remains abroad at least 181 days a year.

Question—I am a consulting engineer and am going overseas on business for less than one month. What part of my expenses can I deduct from my income tax?

Answer—Recently introduced Treasury regulations state that expenses for a trip abroad will be recognized only if the trip is necessary for creating income. More specifically, the expenses travelling to and from a foreign country are deductible, and without limit. Expenses incurred during a stay abroad are deductible if the stay is necessary and a maximum limit of \$70 a day for lodgings and \$45 a day for other expenses.

Question—Based on the recently adjusted tax levels, what will my liability be on an anticipated monthly income of \$3,500.00?

Answer—After the adjustment, which was based on October's rise in the cost-of-living index, your marginal tax bracket will be 45 per cent.

NEPAL—West Germany will grant Nepal DM45 million (about \$15m.) in 1985 for the construction of the 66-megawatt Marsyangdi hydroelectric project in midwest Nepal. It was announced in Katmandu.

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Fruit carnival at Dizengoff Centre

Jerusalem Post Reporter

TEL AVIV.—A unique fruit carnival opened here yesterday at the Dizengoff Centre for five days. All fruit now in season, from citrus to several exotic sub-tropical species, is on display and for sale at wholesale prices.

The Citrus Marketing Board, the Fruit Marketing Board, together with the Co-op chain of supermarkets are organizing the event to bring to the attention of the public the vast

range of fruit available this time of the year.

Visitors to the festival will be able to hear experts speak about the fruits. Carlton Hotel chef Ya'acov Zylberman is giving demonstrations of different dishes that can be made from the fruit on show, including hors d'oeuvres, main dishes, soups and desserts. There will be no tastings, however.

The festival is open daily from noon till late in the evening.

Morocco seeks further debt rescheduling

RABAT (Reuters).—Morocco will again seek to reschedule its foreign debt next year to delay repayment of more than half the capital and interest it owes. Finance Minister Abdellatif Joudari said last week. But he said taxes will not be increased, state subsidies on basic foods will be maintained and basic salaries will be raised by 10 per cent.

He said Morocco's total debts are now more than two-thirds the total value of goods and services produced by the country each year. Debt repayments next year would equal around \$832 million, which the government hopes to reduce to \$365m. by extending some repayment periods, he said.

Joudari blamed the rise in Morocco's total debts to more than \$12 billion on a series of droughts, the expensive war in the Western Sahara, protectionist policies by trade partners, a strong U.S. dollar and high interest rates.

He said Morocco's total debts are now more than two-thirds the total value of goods and services produced by the country each year. Debt repayments next year would equal around \$832 million, which the government hopes to reduce to \$365m. by extending some repayment periods, he said.

Third prize for Israeli advertising short

TEL AVIV.—A film short advertising the Ets Hazeith line of "Flirt" toilet articles was recently awarded third prize at the International Film and TV Festival in New York.

It faced stiff competition from hundreds of entries from all parts of the world.

The film was directed by Ori Peled, a graduate of the cinema and television department of New York University, after which he worked at Lorimar, the producers of the Dallas TV series. The "Flirt" film was produced at the United States of Israel, in Herzliya.

OFFICERS.—Thirty-five policemen and women from the Tel Aviv district are shortly to begin seven-month officer-training courses.

MARKET STATISTICS

Indices

General Share Index	575.46	+3.22%
Non-bank Index	391.95	+2.34%
Arrangement	703.56	+3.54%
Totals	52.71	+1.84%

Turnovers

Shares	15	970.7m.
Bonds	151	740.8m.
Advances	274	711.5m.
Declines	75	
of which 5% +	90	
"Buyers only"	14	
"Sellers only"	7	

Bond market trends

4% fully-linked:	Rises to 4%
3% fully-linked:	Rises to 3.5%
2% fully-linked:	Rises to 3%
1% fully-linked:	Rises to 2.5%
Double-option:	Rises to 1.5-4.5%
Dollar-linked:	Rises to 2.5-4.5%

Most Active Shares

Hapoalim	15130	15115.8m.	+480
Leumi	9721	15 79.7m.	+370
IDB	22370	1576.1m.	+750

FOREIGN CURRENCY

INTERBANK SPOT RATES

	US\$	DM	SW.F.R.	DM\$
US\$	1.2175/1.2185			
DM	3.0320/3.0335			
Dutch G	3.4180/3.4210			
Swiss FR	2.3000/2.3020			
Belgian C	61.0561/15			
French FR	9.2850/9.2950			
Italian Lire	1878.00/1881.00			
Yen	245.25/245.40			
	0.9990/1.0000			

GOLD/S\$41.50

	SW.F.R.	DM\$
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6 months	1.2164/77	1.4923/9

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Stocks, bonds show positive trend

MARKET COMMENT

By PINHAS LANDAU

The trading week got off to a positive start in both the bond and share sectors yesterday. Although volume in shares shipped back below the IS1 billion mark, the number of rising issues was far in excess of those that declined.

Bonds took two thirds of the total volume on the exchange, with prices moving ahead in most cases. By and large, the bond market has shown a fairly steady upward trend over the last two weeks, with rises moving around the different types of bonds on different days.

The announcement from the exchange that the Treasury intends to issue new, higher-yielding bonds in the near future is, of course, negative for existing bonds, since the new issues will command higher returns. In other words, current yields will have to rise and prices to fall in order to create the alignment that logic would dictate.

Nevertheless, the opposite has happened. This may be because the new issues are not yet at hand, or because the current yields are in any case very low, or simply because the market is inefficient. More than likely, the truth represents a mixture of all these factors.

Shares were clearly ahead, but once again, the main thrust came from the "arrangement" group of quasi-bonds. These took more than half the volume and were the group showing the largest percentage gain. Investment companies, with a 3.46 per cent rise, were a close second.

(Actually speaking, the insurance group, which rose 4.73 per cent, was the largest gainer. However, the volume of this sector—less than IS10 million, or some \$18,000—makes it impossible to give this fact any weight.)

With a 4:1 ratio of advances to declines and 7.5:1 on the sharply moving rises gains scale, the likelihood is that this upward move will continue today. The very low volume in the share market, however, continues to detract from the seriousness of the trend, such as it is.

Announcements: Bank Tefahot has notified the exchange that it has agreed in principle to sell its entire holding in its Carmel Mortgage Bank subsidiary to the Magrit investment company.

Tefahot holds IS500 nominal value of Carmel's founders' shares, which give 50 per cent of the voting rights in the company, as well as IS33 million nominal value regular shares (which are traded on the exchange), which together represent 35.2 per cent of the equity and 67.6 per cent of the control of Carmel.

The sale price of \$2m. was established on the basis of the asset value of Carmel, net of liabilities.

The whole deal must be authorized by the Tefahot board as well as by the Bank of Israel.

Magrit has announced that its intention in making the purchase is to continue to operate the bank as a mortgage bank and to seek to achieve a significant increase in its market share by introducing new marketing methods—after replacing the current board of directors.

Magrit also noted that the price was fixed as a total for the whole package of shares, whereby the price payment of \$2m. was made in cash, and the remainder would be made in 14 half-yearly instalments.

Galei Zohar, following up its announcements of July 29 and October 4 of this year, informed the exchange that on November 22 it signed a remarkable long-term deal. A foreign company has ordered 14 double rooms for a period of ten years, starting from the opening of the company's Dead Sea hotel's new wing. The \$1.25m. payment was made in advance.

The foreign company was also given an option to order another 28 rooms out of the 100-room new wing, in advance and for a ten-year period, for a total cost of \$3 million. The booking company intends to use the rooms for its customers as part of its marketing of health-vacation package tours in North America.

The whole deal is conditional on the payment of \$600,000 deposit on account, to Galei Zohar, by December 20, 1984.

Tel Aviv Stock Exchange daily price quotations

Company	Price	% change	Company	Price	% change	Company	Price	% change	Company	Price	% change
Commercial Banks			Hotels, Tourism			Asses			Gal Ind 1		
(not part of "arrangement")			GalZohar 1	no trading		Asses	5820	+0.49	Gal Ind 5	1801	34 n.c.
OHF 1	6100	91 +5.2	GalZohar 2	no trading		Angel	534	+0.39	Dexter	705	225 n.c.
Maritime 1	2490	65 +6.6	GalZohar 3	566	+1.4	Shemen p	1000	+1.0	Ferril 0.1	4840	5 +3.0
Maritime 2	2490	65 +6.6	DanHotel 1	308	+0.4				Ferril 0.5	1740	125 +1.0
Maritime 3	2490	65 +6.6	DanHotel 2	308	+0.4	Textiles and Clothing			YaelChem	1090	684 +3.7
Maritime 4	2490	65 +6.6	Coral Beach	413	+6.5	Adgar	885	+6.6	Teva r	6150	89 n.c.
Maritime 5	2490	65 +6.6	Kenes	534	+25	Adgar op	805	80+0.10	Teva op. 4	4120	27 n.c.
Maritime 6	2490	65 +6.6	Yarden Hot	568	+9.3	Ona op	236	b.14+9.4	Lipsky	330	30 -3.5
Maritime 7	2490	65 +6.6	Yarden Hot	568	+8.7	Ona op	—	—	Petrochem	539	711 +1.5
Maritime 8	2490	65 +6.6	Yalotnik	161	+48	Burch 1	630	30 n.c.	Maxima 1	475	50 +5.6
Maritime 9	2490	65 +6.6	Yalotnik op	229	145 n.c.	Burch 2	678	50 +3.7	Maxima 2	246	114 +1.2
Maritime 10	2490	65 +6.6			Burch 3	—	—	Maxima op	225	75 -1.3	
Maritime 11	2490	65 +6.6	Computers			Burch op	—	—	Maxima op	835	10 -1.2
Maritime 12	2490	65 +6.6	Data	462	— +3.2				Sano 1	848	6 n.c.
Maritime 13	2490	65 +6.6	Hilon 1	1205	— +2.0	Aleka 5	400	495 +0.50	Sano 5	640	6 n.c.
Maritime 14	2490	65 +6.6	Hilon 5	1995	— +2.0	Ehan 1	310	209 +4.4	Kedem	737	40 n.c.
Maritime 15	2490	65 +6.6	Yilane	415	3 n.c.	Ehan op	768	1 -3	Kedem	490	49 +1.8
Maritime 16	2490	65 +6.6	Yilane op	—	—	Argaman r	—	—	T.G.L. 1	318	1 -9
Maritime 17	2490	65 +6.6	Clal Comp.	798	9 -1.0	Ata 1	no trading		T.G.L. 5	129	30 -5.2
Maritime 18	2490	65 +6.6	Clal Comp.	335	—	Ata op	no trading		Taya	1970	26 +4.2
Maritime 19	2490	65 +6.6	M.L.L.L. 1	2160	— +2.9	Ata op	no trading		Frutaram	4095	0.6 +5.0
Maritime 20	2490	65 +6.6	M.L.L.L. 5	830	—	Uspinners	65	—	Taro	1044	n.a.1 -3.0
Maritime 21	2490	65 +6.6	M.L.L.L. op	—	—	Uspinners	65	—			
Maritime 22	2490	65 +6.6	Mashov	317	70 -9	Spin op	30	19.35			
Maritime 23	2490	65 +6.6	Nikuv 1	480	53 +1.0	Vitalgo 1	245	53 +4.3	Wood, Paper, Printing		
Maritime 24	2490	65 +6.6	Nikuv 5	338	20 +1.0	Vitalgo 5	144	11 +7.7	Dafnon 1	613	86 n.c.
Maritime 25	2490	65 +6.6	Nikuv op	230	29 +1.5	Waradison	300	—	Dafnon 5	375	20 n.c.
Maritime 26	2490	65 +6.6	Team 1	1070	10 +4.9	Uspinners	200	—	Hanan 1	512	+1.2
Maritime 27	2490	65 +6.6	Team op	899	10 n.c.	Zhit 1	147	212 -3.3	Hanan op	—	—
Maritime 28	2490	65 +6.6									
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A breath of fresh air

CHANGES in the structure of the national administration are rarely the product of any deep philosophical probing, and when they are, the results are liable to be unfortunate.

Seven years ago, when the first Likud government was formed, the Ministry of Police was abolished and its functions transferred to the Interior Ministry under Dr. Yosef Burg. The reason: Premier Menachem Begin viewed a separate ministry for the police as the hallmark of a totalitarian regime, and as something wholly unbecoming the democratic State of Israel.

The devastation caused by Dr. Burg's stewardship to the nation's police did not escape wide notice. The venerable NRP politician showed himself incapable of coming to grips with the challenge of domestic peacekeeping, and little interested in police matters. Rather than lead the force he either mollycoddled its members or rode roughshod over them. Demoralization set in, and the prestige of the police sank steadily lower.

It did not take long for the consensus to emerge that the old arrangement should be restored. The difficulty was political: it was impossible to prize the police from Dr. Burg's grasp without endangering the coalition.

Opportunity finally knocked after the Knesset elections last summer. In the new national unity government a portfolio had to be found for the Labour Party's secretary-general, Haim Bar-Lev. Mr. Bar-Lev did not actively seek appointment as police minister, but as a former army chief of general staff he seemed well suited for the post. So the Ministry of Police was re-established for him to head.

Within a mere two months, Mr. Bar-Lev has clearly proved himself the right man in the right place at the right time. Last week Mr. Bar-Lev called in the high brass to lay out before them his concept of the police. Since 1977, no such meeting had been held by the minister in charge of the police and the police officers. Mr. Bar-Lev made it clear that he expected the force to strike a proper balance between the needs of maintaining public order and the rights of individual citizens. He condemned the bitter and often malicious competition, easily reflected in the media, among high-ranking officers, and the predilection for improper use of physical force.

Predicting "lean years" ahead, Mr. Bar-Lev promised to try to protect the police from budget cuts that went deeper than the bone, but he also sternly warned against waste and profligacy. Needless to say, lectures alone will not reform the nation's police, nor redeem it in the eyes of the public. But Mr. Bar-Lev has already made it clear that he, unlike his predecessor, means business. He would not rest until the police adopted the highest standards of conduct and competence. He has already come down as hard on police in-fighting and leaks as on attempts by outsiders to induce the police to treat terror suspects according to their nationality.

For all the patent differences between them, the army and the police have more than a little in common. Both organizations cannot function decently without a corps of thoughtful, imaginative and courageous commanders. If Mr. Bar-Lev has his way, he will not leave the police before he has thoroughly reshaped its leadership by promoting able young candidates.

Philosophically, a good case may still be made against a separate Police Ministry. In practical terms Mr. Bar-Lev has proved it to be well-nigh indispensable.

Immunity, the Knesset, and the law

By ARYEH RUBINSTEIN

ATTORNEY GENERAL Yitzhak Zamir last week told the Knesset House Committee diplomatically of course — that the Knesset itself is to blame for Meir Kahane's election.

This was at the last of four committee meetings, in four successive weeks, on how to stop Kahane from making provocative visits and attempted visits to Arab villages.

Kahane has scorned the committee's invitation to participate in its discussion, replying that he would have no part in such a "lynching festival."

Today (Monday) the committee is expected to vote on motions submitted by members. Every committee member who has spoken wants something done about Kahane, but they are divided on the what and the how.

Zamir gave his blessing to Edna Solodar's (Alignment) motion that the Knesset revoke Kahane's privileged freedom of movement throughout the country, but he proposed that the revocation be limited to one year.

Kahane's attempts to make unwanted visits to Arab villages or to plants employing Arabs — and which endangered human life — were a clear-cut case of abuse of his parliamentary immunity, Zamir said, and suspending his privileged freedom of movement would be a practical solution to the problem.

MICHAEL EITAN (Likud-Herut) commented that such action by the Knesset would not stop Kahane or his followers from trying to enter Arab villages, since the police would still have to decide how to react on each case on its merits. But Zamir felt that the action was worth taking if only for its educative value: it would demonstrate what a grave view the Knesset took of Kahane's abuse of his immunity.

Since the committee members did not limit themselves to a narrow discussion of Solodar's motion but offered alternatives and requested his opinion, Zamir obliged.

Yes, of course the Knesset could do something to keep a party like Kahane off the ballot, he said. In fact, it had been given an opportunity to do that in 1980 when the government presented the Political Parties Bill, one of whose provisions declared that a party that negates, explicitly

or implicitly, the democratic nature of the state, would not be recognized. Moreover, any group or body that did not qualify for recognition as a party would be barred from competing in Knesset elections.

The bill passed its first reading but was still in the Law Committee when the Ninth Knesset came to an end. Zamir thought it would be a good idea to revive the bill — and not just because of the provision just described.

The Knesset's inaction on the Political Parties Bill deserves particular censure, Zamir implied, because political parties were deliberately excluded from the scope of the Associations Law, 1980, on the grounds that political parties would be dealt with in a separate law.

Since the clause about negating the democratic nature of the state also appears in the Associations Law, the Knesset's inaction on the Political Parties Bill has created an anomaly: Kahane was able to field a Knesset list although it would undoubtedly have failed to meet the test for incorporation as an association.

ZAMIR NOTED that the High Court of Justice has not yet published its reasoned judgement for overruling the Central Election Committee's disqualification of Kahane and the Progressive List for Peace. But he indicated that the case of al-Ard, barred from running for the Knesset 20 years ago, was different, because its platform explicitly negated the existence of the State of Israel.

Again Zamir gave the Knesset a slap on the wrist. People expect the High Court to solve every tough problem that comes up, he said. But the law does not give the committee the right to disqualify a Knesset list for its political views. The court rules in accordance with the law as it has emerged from the Knesset, and surely no one would want it to act otherwise.

But the Justice Ministry is not waiting for the Knesset to act. It is now preparing a bill that would ban any party from running for the Knesset if its platform says or implies that it is opposed to the existence of the state or to its democratic nature, or if it supports racist incitement. Zamir also recalled that the Knesset

set about two years ago rejected a private member's bill to restrict Knesset members' immunity to things they say in the Knesset itself.

Although he protested that he was not recommending that the Knesset pass such a bill, Zamir said he knew of no other parliament (of those we would care to emulate) that extends immunity to anything beyond that.

TO THOSE committee members, notably Eitan and Yossi Sarid (Citizens' Rights Movement), who maintained that even under existing laws Kahane could be prosecuted if his immunity were lifted with respect to specific charges, Zamir said that there might be developments on that score.

He had asked the police to investigate Kahane's alleged comment, after a LAW missile was fired at an Arab bus in Jerusalem three weeks ago, congratulating whoever had done the deed. (Kahane was interrogated by the police two days later at Kach's offices in Jerusalem.)

Encouragement of terrorism is a crime, and the investigation might show that there are grounds for trying Kahane, Zamir said. But he made it clear that even if there was a *prima facie* case against Kahane, he would not necessarily ask the Knesset to remove his immunity.

There would still be the sticking point of whether Kahane could reasonably argue that in expressing his congratulations to the missile-firer, he had been carrying out his duties as an MK. And if the court accepted that argument, the trial would end right there. For then his absolute immunity would apply.

Article 1 of the Knesset Members Immunity Law grants an MK immunity "from any legal proceeding, in respect of a vote, an oral or written expression of opinion, or any other act, in or outside the Knesset, if such a vote, etcetera, pertains to the performance of his duties as a Knesset member."

This immunity is irrevocable. The Knesset's power is restricted to withdrawing "any other immunity or right" granted by the Immunity Law.

Some examples: an MK's immunity from a search of his dwelling or his papers, from arrest, from testimony in court, or from regulations restricting the public's access to any

Dry Bones



place in the country not in the private domain.

SARID quoted Kahane's alleged remark — "May the hand be strengthened that did this [fired the missile]. If there is still an underground in Israel, may it be blessed."

The very thought that such a statement could be regarded as being "in the performance of his duties" was intolerable, Sarid said. He wants the attorney general to request the Knesset to lift Kahane's immunity so that he can be tried for that remark. And he wants the Knesset to revoke not only Kahane's right to freedom of movement, but all his "other immunities" that are in its power to deny him.

But the committee's proceedings were decidedly not a lynching festival. Several members had reservations even with respect to Solodar's modest proposal to limit Kahane's freedom of movement. They preferred that the possibilities of existing laws be exploited to the hilt (Michael Eitan was particularly insistent on this point), and that legislation provide that MKs' immunity should not cover racist incitement.

Geula Cohen (Tehiya) wanted whatever action taken to apply to both extremes. Kahane is merely "a running nose" compared to the real danger posed by PLO supporters, she said.

For Shevah Weiss (Alignment), Kahane's alleged pro-terrorism

statements were certainly made in the performance of his duties. "That's precisely what he was elected for." Despite his reluctance to change the Immunity Law, Weiss thought that perhaps there was need to limit that concept in the law itself.

Eitan charged that Sarid, by his interpretation of "in the performance of his duties," was trying to avoid amending the law. But there was no getting around that if the Knesset did not want to take *ad hominem* decisions.

IT IS the attorney general who is charged by the law with initiating the removal of the immunity of an MK suspected of having committed a crime. He does this by submitting a request to that effect to the Knesset. Speaker, who then refers the request to the House Committee for discussion.

Here Zvi Inbar, the committee's legal adviser, made an interesting constitutional point. If the attorney general accepts the committee's suggestion and requests the removal of Kahane's immunity, what will the committee's discussion amount to?

Hasn't the committee already made up its mind? And if its discussion after the attorney general has submitted his request is simply *pro forma*, has the intent of the law really been satisfied?

The writer is the Knesset Reporter of The Jerusalem Post.

POSTSCRIPTS

PS THEY MAY go down in art history as one of the oddest couples of all time — a millionaire rock star and one of the world's great living artists.

Bill Wyman of The Rolling Stones has produced a book of his photographs of works by Marc Chagall — and of the reclusive Russian-born French painter himself.

Besides reproductions of nearly 50 drawings, poster colours and mosaics, Chagall's World published by Doubleday in mid-October, contains 20 portraits of the 97-year-old artist taken last year in his farmhouse retreat.

The unlikely collaboration between a rock musician and a famous artist is the result of a long friendship.

Neighbours in the tiny provincial village of St. Paul de Vence for the past 10 years, Wyman met Chagall through Andre Verdet, Chagall's friend and a French art critic. They used to sip afternoon tea with Chagall's wife, Vava.

"For some reason, we just clicked," explained the 41-year-old British-born Wyman.

One day he brought along his camera and the book was born.

"Chagall usually doesn't like having his picture taken, but I think he trusted me as a photographer," Wyman said. "He's easy to shoot because he has so many different expressions — I just stood in a corner of the room with a long lens and snapped the shutter."

Wyman says their relationship is based on mutual respect, even though he is not sure Chagall likes, or even knows The Stones' music. "It doesn't matter," he says, adding that he does not comment on Chagall's work. He once gave the artist a Stones' album, but there was never any reaction.

"When I first met him, he leaned across the table and flicked the hair off my shoulder," recalls Wyman. "He said, 'Why do you have long hair? It's not original.' I explained that The Stones were the first ones in England with long hair, and that it was original in the sixties."

"Then Chagall said, 'Well, in that case, it's all right,' and he's been calling me 'the one with the long hair' ever since."

PS LAST MONTH, 70-year-old Mrs. Peggy Barlow appeared in the dock at the Old Bailey charged with attempted bank robbery. The old-age pensioner, who walks with the aid of a stick, had passed up her weekly bridge game, and instead caught a bus to the National Westminster Bank in Kensington High Street.

Mrs. Barlow then grabbed a hostage by pretending that a perfume canister was a gun, ordered everyone to keep quiet, shouted "Hurry up! I'm desperate!" and demanded £85,000. When a clerk pressed the alarm button, armed police wearing flak jackets arrived and succeeded in arresting the ancient bandit — who stood in imminent danger of being riddled with bullets.

Mrs. Barlow, a bank manager's widow, of all things, told the court that she had planned "a kind and gentle raid." She was given a suspended sentence of nine months by the Recorder of London, Sir James Miskin QC, who warned her "not to do anything idiotic again." A.B.

PS SOVIET shoppers returned over six million shoddily made pairs of shoes and 250,000 overcoats in the first half of 1984. Pravda reported recently.

The Soviet Communist Party daily, severely criticizing the nation's manufacturing of consumer goods, also reported huge shortages of items people wanted and the overproduction of unwanted ones packed into warehouses.

Light Industry Minister Nikolai Tarasov said over half the consumer-goods plants missed output targets in the first nine months of 1984, while Byelorussia, where an experiment gives light industry managers more power and links wages to profits, was the only area with favourable results.

Pravda also quoted him as saying the slowness of plants in installing new technology was a big problem, but the paper said that even where it was installed, output was no better.

The public was indignant about both the low quality and ugliness of consumer goods, Pravda said.

READERS' LETTERS

To the Editor of The Jerusalem Post

Sir, — Your article "New price list draws fire from dentists" (November 12) is a classic example of unobjective reporting. Speakers at the meeting in question said again and again that it was not a low price list dentists objected to, but the controls which, with a stroke of the pen, denied us the status of a free profession and turned our services into articles to be dispensed uniformly, like so many bags of flour and packets of margarine.

We have stated that we, like other sectors, are content to take part in the price freeze, as well as to pay the additional levy imposed on us, if it is for the common good. But we object to having been singled out for extra harsh sanctions meant to last not three months, but indefinitely. (Our lawyers have determined that the order regarding dentistry, unlike the price freeze, can become permanent.)

If these Emergency Orders were made permanent, our professional functioning would be turned upside down. A dental hygienist, for example, would command the same fee for a scaling as a professor of periodontology.

Some dentists will adapt to these impossible limitations by dropping work standards. Some may com-

THE PRICE OF GOOD DENTAL CARE

promise their ethical standards by misinforming patients.

Some will continue to work at the same high standards, as there will always be a segment of the population who will demand top quality work without having to go abroad for it. These patients will continue to seek out dentists giving superior services, and will be prepared to pay for them. The situation will encourage "under the table" dealings.

Other dentists will take a long overdue holiday for an extended period and ride the hard times out overseas, temporarily, or not so temporarily.

Yet others will pad their bills with superfluous items, like temporary fillings and temporary crowns for separate fees. Some will continue to work as they have, without compromising their standards, professional or moral, until they go under, crushed by a barrage of unpaid bills.

I hope that good sense will prevail and that this brainstorm in the Health Minister's military mind will be rescinded. Dental health and the dental profession are not to be made scapegoats for a new minister's quest for popularity. Besides, the Emergency Orders, rather than sav-

ing any budget money, will cut dentists' contribution to the Treasury by cutting their incomes.

The fault is perhaps not the minister's but that of a political system that rewards loyal party members with government portfolios. Two ex-chiefs-of-staff are already doing an excellent job in the Defence and Police ministries. Was it really necessary to appoint a third one minister? With all due respect to Mr. Gur's organizational abilities, the health sector is nothing like the army: Would one, by the same token, appoint a retired professor of medicine Minister of Defence?

Dr. J. FRANKL

Savoyon.

INFLATION AND DEMOCRACY

To the Editor of The Jerusalem Post

Sir, — In your October 30 issue, Macabee Dean quotes Dr. Gerstenfeld as saying that "no democracy has survived when inflation has run at more than 100 per cent for a long time." This axiom has been brought up before, but it is nevertheless not correct.

After World War I, in the early 1920s, Germany had an inflation of astronomical proportions and the dollar rate reached literally billions of marks, but the democratic Republic of Weimar managed to stop it and to stabilize the currency almost overnight, through balancing its budget,

monetary reform, etc.

The Nazis came to power ten years later, in a period of mass unemployment and deflation.

ALFRED MARKUS

Tel Aviv

Macabee Dean comments: Dr. Gerstenfeld notes: Democracy was endangered in Germany in 1923, as evidenced by the fact that Hitler, with Marshal Erich Ludendorff attempted a *putsch* that year.

Undoubtedly, the dislocation of entire social groups in this inflationary period was the fertile ground upon which the Nazi movement gradually developed.

PLEASE MEET: WORDMILL

WHAT IS WORDMILL?

Wordmill is a word processing "software package" developed in Israel by a team of senior computer scientists. Wordmill is sold in Israel and exported to the U.S.A. and Europe.

WHICH COMPUTERS RUN WORDMILL?

Wordmill has been specially adapted for use by the two finest personal computers:

digital

Rainbow

IBM PC

Which Printers Can Be Used With WORDMILL?

Wordmill is precisely suited to the 40 most widespread printers in use in Israel and throughout the world, amongst them: Brother, Diablo, Digital, Epson, Facit, Honeywell, IBM, Olympia, Qume.

WHAT LANGUAGES DOES WORDMILL "SPEAK"?

Wordmill is marketed in three versions: Hebrew/English-English/Hebrew; Hebrew/Foreign-Foreign/Hebrew for the printing industry; Multi-lingual (English, French, German, etc.).

WHAT SUPPORT DOES THE WORDMILL PURCHASER GET?

Double backing — by marketer and manufacturer. And for a small sum (approximately 10% of the software price per year), updates and new Wordmill editions.

WHO USES WORDMILL?

Who doesn't? Advanced industry, banking, lawyers' and accountants' offices, municipalities, computer and software firms, government bureaux, printing and publishing houses, commercial enterprises, research and higher learning institutions, and many others.

WHY THE HUNDREDS OF ENTHUSIASTIC WORDMILL USERS?

Because Wordmill is the perfect professional solution to the editing and printing of Hebrew, English and mixed texts, on the finest personal computers.

WHERE TO OBTAIN WORDMILL?

Wordmill is sold in Israel by most IBM PC dealers and by Digital. In New York: BIGGER BYTE, Tel. 516-825-8722; in California: OMNIGAL, Tel. 415-493-0463; in Switzerland: EDPS, Tel. 022-426-040.

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